

TOWN OF DAVIE TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: William F, Underwood, II

SUBJECT: Resolution

AFFECTED DISTRICT: Townwide

TITLE OF AGENDA ITEM:

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$31,000,000 TOWN OF DAVIE, FLORIDA WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2003, FOR THE PURPOSE OF REFUNDING THE TOWN'S OUTSTANDING WATER AND SEWER IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 1992; FIXING CERTAIN TERMS AND DETAILS OF SUCH BONDS; PROVIDING FOR A NEGOTIATED SALE OF SUCH BONDS, AWARDING SUCH BONDS TO SUNTRUST CAPITAL MARKETS AND CITIGROUP CAPITAL MARKETS INC. AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT THERETO; AUTHORIZING THE REFUNDING OF THE TOWN'S WATER AND SEWER IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 1992; APPOINTING AN ESCROW AGENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT; PROVIDING FOR THE TRANSFER OF MONEYS HELD WITH RESPECT TO THE TOWN'S WATER AND SEWER IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 1992; DIRECTING THE APPLICATION OF THE PROCEEDS OF SUCH BONDS; PROVIDING FOR CERTAIN MATTERS RELATED TO THE BOND REGISTRAR AND PAYING AGENT FOR SUCH BONDS; APPROVING THE FORM OF AN OFFICIAL STATEMENT RELATING TO SUCH BONDS AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; APPOINTING THE BOND REGISTRAR AND PAYING AGENT FOR SUCH BONDS AND AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS BETWEEN THE TOWN AND THE BOND REGISTRAR AND PAYING AGENT; APPROVING A COMMITMENT FOR INSURANCE ON SUCH BONDS AND A SURETY BOND FOR THE RESERVE ACCOUNT; PROVIDING FOR CERTAIN MATTERS REQUIRED BY THE BOND INSURER WITH RESPECT TO THE SERIES 2003 BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCIAL GUARANTY AGREEMENT IN CONNECTION WITH THE SURETY BOND; AUTHORIZING OTHER REQUIRED ACTIONS; PROVIDING SEVERABILITY AND AN EFFECTIVE DATE.

REPORT IN BRIEF:

This resolution is a supplementary resolution to the Authorizing Resolution and provides for specific details regarding the issuance of the revenue refunding bonds. Specifically it provides for the negotiated sale of the bonds to Suntrust Capital Markets and Citigroup Capital Markets Inc., authorizes the execution of a purchase contract, appoints the escrow agent, provides for a bond registrar and paying agent for the bonds, the insurance and surety bonds for the bonds and other pertinent matters.

PREVIOUS ACTIONS:

Authorizing Resolution

CONCURRENCES:

n/a

FISCAL IMPACT:

Has request been budgeted? no

If yes, expected cost: \$

Account Name:

Additional Comments:

RECOMMENDATION(S):

Motion to approve the resolution.

Attachment(s):

Resolution

TOWN OF DAVIE, FLORIDA

**WATER AND SEWER REVENUE
REFUNDING BONDS, SERIES 2003**

RESOLUTION No. 03-_____

Adopted August 6, 2003

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RESOLUTION NO. 03-_____

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BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. The Town of Davie, Florida (the "Town") is authorized to adopt this resolution under the authority granted by the provisions of Chapter 166, Florida Statutes, as amended, and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On August 6, 2003 the Town adopted Resolution No. 03-___ (the “Bond Resolution”) providing for the issuance of not exceeding \$31,000,000 Water and Sewer Revenue Refunding Bonds, Series 2003 (the “Series 2003 Bonds”) for the purpose of refunding and defeasing the Town’s outstanding Water and Sewer Improvement and Refunding Revenue Bonds, Series 1992 (the “Prior Bonds”).

B. The Bond Resolution provides that the Series 2003 Bonds shall be dated, shall mature on such dates and in such amounts, shall bear such rates of interest, shall be payable in such places and shall be subject to such redemption provisions, among other matters, as shall be determined by resolution adopted by the Town and it is now appropriate to determine such terms and details. This resolution shall constitute a Series Resolution applicable to the Series 2003 Bonds within the meaning of the Bond Resolution.

C. In order to realize interest cost savings, the Town deems it to be in its best interest to issue the Series 2003 Bonds in the aggregate principal amount not to exceed \$31,000,000 and to apply the proceeds thereof to refund and defease the Prior Bonds.

D. All of the provisions, covenants, pledges and conditions in the Bond Resolution shall be applicable to the Series 2003 Bonds herein authorized and such Series 2003 Bonds shall constitute “Bonds” within the meaning of the Bond Resolution.

E. The principal of, premium, if any, and interest on the Series 2003 Bonds herein authorized and all sinking fund, reserve and other payments provided for in the Bond Resolution shall be payable solely from the Pledged Revenue and, to the extent provided in the Bond Resolution, from the monies on deposit from time to time in the Funds and Accounts created under the Bond Resolution, and it will not be necessary nor has there been authorized the levy of taxes on any property in the Town to pay for same, and the Series 2003 Bonds shall not constitute a lien upon any of the properties of the Town, except the Pledged Revenue and the Funds and Accounts created under the Bond Resolution, nor shall the Series 2003 Bonds be secured by the credit or taxing power of the Town or the general funds of the Town not expressly pledged under the Bond Resolution.

F. Due to the present volatility of the market for tax exempt obligations such as the Series 2003 Bonds, and the complexity of the transactions relating to such Series 2003 Bonds, it is in the best interest of the Town to sell the Series 2003 Bonds by a negotiated sale, in order to allow the Town to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Town to obtain the best possible price and interest rate for the Series 2003 Bonds. The Town acknowledges receipt of the information required by Section 218.385, Florida Statutes, in connection with the negotiated sale of the Series 2003 Bonds. A copy of the letter of the Underwriters for the Series 2003 Bonds containing the aforementioned information is attached as an exhibit to the hereinafter described Purchase Contract.

G. SunTrust Capital Markets and Citigroup Global Markets Inc. (the “Underwriters”) have submitted a Contract of Purchase attached hereto as **Exhibit “A”** (the

“Purchase Contract”) expressing the terms of the Underwriters’ offer to purchase the Series 2003 Bonds, and the Town does hereby find and determine that it is in the best financial interest of the Town that the terms expressed in the Purchase Contract be accepted by the Town.

H. All capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Bond Resolution, unless otherwise provided or unless the context otherwise clearly requires. To the extent necessary to effectuate the terms and conditions hereof, the Bond Resolution is hereby incorporated herein by this reference.

SECTION 3. AUTHORIZATION AND DESCRIPTION OF THE SERIES 2003 BONDS. The Town hereby authorizes the issuance of a series of bonds in the initial aggregate principal amount not to exceed \$31,000,000 to be known as the “Town of Davie, Florida Water and Sewer Revenue Refunding Bonds, Series 2003” for the purpose of providing funds which, together with other available funds of the Town, will be used to refund and defease the Prior Bonds. The Series 2003 Bonds shall be issued pursuant to the Bond Resolution as “Bonds” within the meaning of the Bond Resolution and all provisions, covenants, pledges and conditions of the Bond Resolution shall be applicable thereto.

The Series 2003 Bonds will be issued as Current Interest Bonds in fully registered form without coupons. The Series 2003 Bonds will be dated, bear interest payable on such date or dates at the rates, and mature in the amounts and be subject to redemption, all as set forth in the Purchase Contract, subject to the parameters set forth in Section 5 hereof.

SECTION 4. EXECUTION OF SERIES 2003 BONDS. The proper officers of the Town are hereby authorized and directed to execute, and/or to cause their facsimile signatures to be placed on, each of the Series 2003 Bonds and to cause the corporate seal of the Town to be imprinted thereon and to deliver the Series 2003 Bonds to the Bond Registrar for authentication and delivery.

SECTION 5. SALE OF THE SERIES 2003 BONDS. The sale of the Series 2003 Bonds to the Underwriters pursuant to the terms of the Purchase Contract is hereby approved, subject to completion as hereinafter provided. The form of the Purchase Contract presented at this meeting and attached hereto as **Exhibit “A”** is hereby approved and the Mayor or Town Administrator are each hereby authorized to finalize and, when final, to execute and deliver the Purchase Contract in substantially the form presented at this meeting, with such changes, modifications, deletions and insertions as the Mayor or Town Administrator, with the advice of Bond Counsel and the Town Attorney, may deem necessary and appropriate. Prior to execution, the Purchase Contract shall be completed to provide (i) the principal amount of the Series 2003 Bonds, which shall not exceed \$31,000,000, (ii) the redemption provisions of the Series 2003 Bonds, (iii) the interest rates on the Series 2003 Bonds, provided that the true interest cost of the Series 2003 Bonds shall not exceed 6.0% per annum, (iv) the final maturity date of the Series 2003 Bonds, which shall not be later than October 1, 2021, and (v) the gross underwriting spread or compensation, which shall not exceed 0.8% of the principal amount of the Series 2003 Bonds, all as approved by the Mayor or Town Administrator and the Town’s Financial Advisor prior to execution, such approval to be evidenced by execution of the Purchase Contract by the Mayor or Town Administrator. Such execution and delivery shall be conclusive evidence of approval of the Purchase Contract by the Town.

SECTION 6. AUTHORIZATION OF REFUNDING OF PRIOR BONDS. The refunding and defeasance of the Prior Bonds from proceeds of the Series 2003 Bonds and other legally available funds of the Town is hereby authorized. Concurrently with or prior to the delivery of the Series 2003 Bonds, a portion of the moneys held on deposit to the credit of the funds and accounts securing the Prior Bonds shall be transferred and deposited to the credit of the Escrow Fund established pursuant to the hereinafter mentioned Escrow Deposit Agreement relating to the Prior Bonds, the specific amounts to be so transferred and deposited being as set forth in a certificate executed by the Finance Director of the Town and delivered at the time of issuance of the Series 2003 Bonds.

SECTION 7. APPOINTMENT OF ESCROW AGENT; AUTHORIZATION OF EXECUTION OF ESCROW DEPOSIT AGREEMENT. The Town hereby authorizes and directs the Mayor or Town Administrator to execute, and the Town Clerk to attest under the corporate seal of the Town, the Escrow Deposit Agreement with U.S. Bank National Association, Fort Lauderdale, Florida, as Escrow Agent for the holders of the Prior Bonds, and directs the sealing and delivery of the Escrow Deposit Agreement. The Escrow Deposit Agreement shall be in substantially the form annexed hereto as **Exhibit "B"** with such changes, modifications, deletions and insertions, as the Mayor or Town Administrator, with the advice of Bond Counsel and the Town Attorney, may deem necessary and appropriate. Execution and delivery of the Escrow Deposit Agreement by the Mayor or Town Administrator shall be conclusive evidence of approval of such changes. All of the provisions of the Escrow Deposit Agreement, when executed and delivered by the Town as authorized herein and when duly authorized, executed and delivered by the Escrow Agent, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 8. APPLICATION OF SERIES 2003 BOND PROCEEDS AND OTHER AMOUNTS. The proceeds derived from the sale of the Series 2003 Bonds shall be applied by the Town simultaneously with the delivery thereof for the purposes stated in, and in a manner consistent with, the hereinafter mentioned Official Statement. The specific amounts to be deposited in the Funds and Accounts created under the Bond Resolution and to the Escrow Fund created by the Escrow Deposit Agreement shall be as set forth in a certificate executed by the Finance Director of the Town and delivered at the time of issuance of the Series 2003 Bonds.

The Finance Director is hereby authorized and directed to deposit from available funds of the Town the following: (a) not to exceed \$1,300,000 to be deposited with the Escrow Agent pursuant to the Escrow Deposit Agreement in order to provide for the defeasance of the Prior Bonds in compliance with Federal tax law so as to ensure that the Series 2003 Bonds are tax-exempt; and (b) not to exceed \$750,000 to be deposited into the Rate Stabilization Fund to satisfy bond insurer requirements for the issuance of a bond insurance policy for the Series 2003 Bonds. The amount initially deposited into the Rate Stabilization Fund is hereby authorized to be used annually, beginning in Fiscal Year 2004, in amounts determined by the Finance Director, to pay a portion of the Operating Expenses of the System.

SECTION 9. PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT. The form and distribution of the Preliminary Official Statement relating to the Series 2003 Bonds attached hereto as **Exhibit "C"**, is hereby approved, in substantially the form presented at this meeting, with such changes, modifications, deletions and insertions as the Mayor or Town Administrator, with the advice of Bond Counsel and the Town Attorney, may deem necessary and appropriate for the Preliminary Official Statement to be deemed final; and

the Mayor or Town Administrator are authorized to execute a “deemed final” certificate, as required by Rule 15c2-12 of the Securities Exchange Commission. The Town Council hereby approves the execution and distribution of a final Official Statement in substantially the form as the Preliminary Official Statement with such changes, modifications, deletions and insertions as the Mayor or Town Administrator, with the advice of Bond Counsel and the Town Attorney, may deem necessary and appropriate. The Mayor or the Town Administrator are each hereby authorized and directed to execute and deliver the Official Statement on behalf of the Town, and thereupon to cause the Official Statement to be delivered to the Underwriters. Execution by the Mayor or Town Administrator of the Official Statement shall be deemed to be conclusive evidence of approval of any such changes.

SECTION 10. APPOINTMENT OF BOND REGISTRAR AND PAYING AGENT. U. S. Bank National Association, Fort Lauderdale, Florida is hereby appointed and designated as Bond Registrar and Paying Agent for the Series 2003 Bonds. The Mayor or Town Administrator are each hereby authorized, without further act of the Town, to enter into any agreements with such Bond Registrar and Paying Agent which may be necessary to reflect the obligation of such Bond Registrar and Paying Agent to accept and perform the respective duties imposed upon each, and to effectuate the transactions contemplated, by this resolution and the Bond Resolution.

SECTION 11. CONTINUING DISCLOSURE.

(a) The Town agrees, in accordance with the provisions of, and to the degree necessary to comply with, the secondary market disclosure requirements of Securities and Exchange Commission Rule 15c2-12 (the “Rule”), to provide or cause to be provided for the benefit of the beneficial owners of the Series 2003 Bonds (the “Beneficial Owners”) to each nationally recognized municipal securities information repository (“NRMSIR”), and to the appropriate state information depository (“SID”), if any, designated by the State of Florida, the following annual financial information (the “Annual Information”), commencing with the Fiscal Year ended September 30, 2003:

(1) Updates of the operating data and other information pertaining to the System under the captions “THE WATER AND SEWER SYSTEM -- Water System, -- Sewer System, and -- Rates, Fees and Charges”, in a form which is generally consistent with the presentation of such information in the Official Statement.

(2) Audited financial statements with respect to the Town utilizing generally accepted accounting principles to local governments.

The information in paragraphs (1) and (2) above will be available for each Fiscal Year on or prior to July 1 following the end of such Fiscal Year, commencing July 1, 2004, and will be made available, in addition to each NRMSIR and SID, to each Beneficial Owner of the Series 2003 Bonds who requests such information in writing. The financial statements referred to in paragraph (2) above may be available separately from the information in paragraph (1) above and will be provided by the Town as soon as practical after acceptance of such statements from the auditors by the Town; if not available within nine (9) months after the end of the Fiscal Year,

unaudited information will be provided in accordance with the time frame set forth above and audited financial statements will be provided as soon after such time as they become available.

(b) The Town agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or to the Municipal Securities Rulemaking Board (“MSRB”), and (ii) the SID, notice of occurrence of any of the following events with respect to the Series 2003 Bonds, if such event is material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2003 Bonds;
- (7) modifications to rights of Bondholders or Beneficial Owners of the Series 2003 Bonds;
- (8) bond calls;
- (9) defeasance;
- (10) release; substitution or sale of any property securing repayment of the Series 2003 Bonds (the Series 2003 Bonds are secured solely by the Pledged Revenue); and
- (11) rating changes.

(c) The Town also agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or to the MSRB, and (ii) the SID, notice of its failure to provide the Annual Information with respect to itself on or prior to July 1 following the end of the preceding Fiscal Year.

(d) The obligations of the Town under this Section shall remain in effect only so long as the Series 2003 Bonds are Outstanding. The Town reserves the right to terminate its obligations to provide the Annual Information and notices of material events, as set forth above, if and when the Town no longer remains an “obligated person” with respect to the Series 2003 Bonds within the meaning of the Rule.

(e) The Town agrees that its undertaking pursuant to the Rule set forth in this Section 11 is intended to be for the benefit of the Beneficial Owners of the Series 2003 Bonds and shall be enforceable by such Beneficial Owners if the Town fails to cure a breach within a reasonable time after receipt of written notice from a Beneficial Owner that a breach exists; provided that any such Beneficial Owner's right to obtain specific performance of the Town's obligations under this Section in a federal or state court and any failure by the Town to comply with the provisions of this undertaking shall not be a default with respect to the Series 2003 Bonds.

(f) Additionally, the requirements of subsection (a) above do not necessitate the preparation of any separate annual report addressing only the Series 2003 Bonds. The requirements of subsection (a) may be met by the filing of an annual information statement or the Town's Comprehensive Annual Financial Report, provided such report includes all of the required annual information and is available for each Fiscal Year on or prior to July 1 following the end of such Fiscal Year. Additionally, the Town may incorporate any information in any prior filing with each NRMSIR and the SID, if any, or included in any final Official Statement of the Town, provided such final Official Statement is filed with the Municipal Securities Rulemaking Board.

(g) The Town reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

The Town's covenants as to secondary disclosure (the "Covenants") may only be amended if:

- (1) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Town or type of business conducted; the Covenants, as amended, would have complied with the requirements of the Rule at the time of award of the Series 2003 Bonds, after taking into account any amendments or change in circumstances; and the amendment does not materially impair the interests of the Beneficial Owners, as determined by Bond Counsel or other independent counsel knowledgeable in the area of federal securities laws and regulations; or
- (2) all or any part of the Rule, as interpreted by the staff of the Securities and Exchange Commission at the date of the adoption of this Series 2003 Resolution, ceases to be in effect for any reason, and the Town elects that the covenants shall be deemed amended accordingly.

Any assertion of beneficial ownership must be filed, with full documentary support, as part of the written request described above.

The Town Council further authorizes and directs the Finance Director to cause all other agreements to be made or action to be taken as required in connection with meeting the Town's obligations as to the Covenants. The Finance Director shall further be authorized to make such

additions, deletions and modifications to the Covenants as he shall deem necessary or desirable after consultation with the Town Attorney and Bond Counsel.

SECTION 12. INSURANCE MATTERS. The Town has received a commitment attached hereto as Exhibit “D” (the “Insurance Commitment”) from AMBAC Assurance Corporation (the “Municipal Bond Insurer”) to issue its Municipal Bond Insurance Policy insuring the payment when due of the principal of and interest on the Series 2003 Bonds as provided therein (the “Policy”). The Town hereby approves the Insurance Commitment and authorizes the Series 2003 Bonds to be insured by the Policy to be issued by the Municipal Bond Insurer concurrently with the delivery of the Series 2003 Bonds and further authorizes the application of proceeds of the Series 2003 Bonds to payment of the premium for the Policy. While the Policy is in effect and so long as the Municipal Bond Insurer is not in default thereunder the following shall apply to the Series 2003 Bonds notwithstanding anything to the contrary in the Bond Resolution, any such contrary provisions being deemed superseded hereby to the fullest extent permitted by law.

(a) Any provision of the Bond Resolution or this resolution expressly recognizing or granting rights in or to the Municipal Bond Insurer may not be amended in any manner which affects the rights of the Municipal Bond Insurer thereunder or hereunder without the prior written consent of the Municipal Bond Insurer.

(b) Unless otherwise provided in this Section, consent of the Municipal Bond Insurer shall be required in addition to the consent of the Holders of the Series 2003 Bonds, when required, for the following purposes: (i) execution and delivery of any Supplemental Resolution affecting the Bonds; (ii) removal of the Paying Agent for the Series 2003 Bonds and selection and appointment of any successor paying agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires consent of the Holders of the Series 2003 Bonds.

(c) Anything in the Bond Resolution to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined therein, the Municipal Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Series 2003 Bonds for the benefit of such Bondholders under the Bond Resolution, including, without limitation: (i) the right to accelerate the principal of the Series 2003 Bonds as described in the Bond Resolution; and (ii) the right to annul any declaration of acceleration, and the Municipal Bond Insurer shall also be entitled to approve all waivers of events of default.

(d) As long as the Policy is in full force and effect, the Town shall furnish to the Municipal Bond Insurer:

(i) as soon as practicable after the filing thereof, a copy of any financial statement of the Town and a copy of any audit and annual report of the Town;

(ii) a copy of any notice to be given to Holders of the Series 2003 Bonds, including without limitation, notice of any redemption of or defeasance of the

Series 2003 Bonds, and any certificate rendered pursuant to the Bond Resolution relating to the security for the Series 2003 Bonds; and

(iii) any notices given by the Town pursuant to Section 11 of this resolution; and

(iv) such additional information it may reasonably request.

(e) The Town shall notify the Municipal Bond Insurer of any failure of the Town to provide relevant notices, certificates, etc.

(f) The Town will permit the Municipal Bond Insurer to discuss the affairs, finances and accounts of the Town or any information the Municipal Bond Insurer may reasonably request regarding the security for the Series 2003 Bonds with appropriate officers of the Town. The Town will permit the Municipal Bond Insurer to have access to the System and have access to and to make copies of all books and records relating to the Series 2003 Bonds at any reasonable time.

(g) The Municipal Bond Insurer shall have the right to direct an accounting at the Town's expense, and the Town's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Municipal Bond Insurer shall be deemed a default under the Bond Resolution; provided, however, that if compliance cannot occur within such period, then such period will be extended, so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Holder of the Series 2003 Bonds.

(h) The Town shall immediately notify the Municipal Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest of the Series 2003 Bonds as required under the Bond Resolution and hereunder immediately upon the occurrence of any event of default under the Bond Resolution and hereunder.

(i) "Escrow Securities" and "Investment Securities" for purposes of the Bond Resolution shall mean the following obligations, which may be used for all purposes for which "Escrow Securities" and "Investment Securities" may be used thereunder, including as defeasance investments in refunding escrow accounts and for the purpose of investing (and receiving premium credit for) accrued and capitalized interest (provided, however, the definition of "Investment Securities" in the Bond Resolution shall continue to apply with respect to a subaccount in the Reserve Account that secures a Series of Bonds separate and apart from the Series 2003 Bonds):

(i) Cash (insured at all times by the Federal Deposit Insurance Corporation), or

(ii) Direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury); and

(iii) Senior debt obligations of other Government Sponsored Agencies approved by the Municipal Bond Insurer.

(j) With respect to the Series 2003 Bonds, “Investment Securities” for purposes of the Bond Resolution shall also mean the following obligations, which may be used as Investment Securities for all purposes other than Escrow Securities and investing (and receiving credit for) accrued and capitalized interest:

(A) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHA’s)
- Federal Housing Administration
- Federal Financing Bank;

(B) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by Ambac;

(C) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by Standard & Poor’s and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(D) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by Standard & Poor’s and “P-1” by Moody’s and which matures not more than 270 days after the date of purchase;

(E) investments in a money market fund rated “AAAm” or “AAAm-G” or better by Standard & Poor’s;

(F) pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any

such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Standard & Poor’s or Moody’s or any successors thereto; or

(ii) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (i) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(G) municipal obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and Standard & Poor’s;

(H) investment agreements approved in writing by the Municipal Bond Insurer (supported by appropriate opinions of counsel);

(I) other forms of investments (including repurchase agreements) approved in writing by the Municipal Bond Insurer; and

(J) units of participation in the Local Government Surplus Funds Trust Fund administered by the Florida State Board, of Administration pursuant to Part IV, Chapter 218, Florida Statutes.

(k) The value of Escrow Securities and Investment Securities shall be determined as of the end of each month, and shall be calculated as follows:

(i) For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund or account shall be valued at fair market value. The Town shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Salomon Smith Barney, Bear Stearns, or Lehman Brothers.

- (ii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (iii) as to any investment not specified above: the value thereof established by prior agreement between the Town and the Municipal Bond Insurer.

(l) Notwithstanding anything herein or in the Bond Resolution to the contrary, in the event that the principal and/or interest due on the Series 2003 Bonds shall be paid by the Municipal Bond Insurer pursuant to the Policy, the Series 2003 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid, and the pledge of the Pledge Revenue and all covenants, agreements and other obligations of the Town to the Holders of the Series 2003 Bonds shall continue to exist and shall run to the benefit of the Municipal Bond Insurer, and the Municipal Bond Insurer shall be subrogated to the rights of such Holders of the Series 2003 Bonds.

(m) As long as the Policy shall be in full force and effect, the Town and any Paying Agent for the Series 2003 Bonds agree to comply with the following provisions:

(i) At least one (1) day prior to any interest payment date the Paying Agent will determine whether there will be sufficient funds in the funds and accounts established for the Series 2003 Bonds to pay the principal of or interest on the Series 2003 Bonds on such interest payment date. If the Paying Agent determines that there will be insufficient funds in such funds or accounts, the Paying Agent shall so notify the Municipal Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 2003 Bonds to which such deficiency is applicable and whether such Series 2003 Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified the Municipal Bond Insurer at least one (1) day prior to the interest payment date, the Municipal Bond Insurer will make payments of the principal of or interest due on the Series 2003 Bonds on or before the first day next following the date on which the Municipal Bond Insurer shall have received notice of nonpayment from the Paying Agent.

(ii) The Paying Agent shall, after giving notice to the Municipal Bond Insurer as provided in (i) above, make available to the Municipal Bond Insurer and, at the Municipal Bond Insurer's direction, to the The Bank of New York, in New York, New York, as insurance trustee for the Municipal Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books relating to the Series 2003 Bonds maintained by the Paying Agent and all records relating to the funds and accounts maintained under the Bond Resolution.

(iii) The Paying Agent shall provide the Municipal Bond Insurer and the Insurance Trustee with a list of Holders of the Series 2003 Bonds entitled to receive the payments of principal or interest from the Municipal Bond Insurer under the terms of the Policy, and shall make arrangements with the Insurance Trustee (A) to mail checks or drafts to the Holders of Series 2003 Bonds entitled to receive full or partial interest payments from the Municipal Bond Insurer and (B) to pay principal upon Series 2003

Bonds surrendered to the Insurance Trustee by the Holders of Series 2003 Bonds entitled to receive full or partial principal payments from the Municipal Bond Insurer.

(iv) The Paying Agent shall, at the time it provides notice to the Municipal Bond Insurer pursuant to (i) above, notify Holders of Series 2003 Bonds entitled to receive the payment of principal or interest thereon from the Municipal Bond Insurer (A) as to the fact of such entitlement, (B) that the Municipal Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of their entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of their right to payment, (C) that should they be entitled to receive full payment of the principal portion from the Municipal Bond Insurer, they must surrender their Series 2003 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 2003 Bonds to be registered in the name of the Municipal Bond Insurer) for payment to the Insurance Trustee, and not the Paying Agent, and (D) that should they be entitled to receive partial payment of principal from the Municipal Bond Insurer, they must surrender their Series 2003 Bonds for payment thereon first to the Paying Agent, who shall note on such Series 2003 Bonds the portion of the principal paid by the Paying Agent and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of the principal portion.

(v) In the event that the Paying Agent has notice that any payment of the principal or interest of the Series 2003 Bonds which has become due for payment and which is made to a Holder of Series 2003 Bonds has been deemed a preferential transfer and theretofore recovered from its Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, non-appealable order of a court having competent jurisdiction, the Paying Agent shall, at the time the Municipal Bond Insurer is notified pursuant to (i) above, notify all Holders that in the event that any Holder's payment is so recovered, such Holder will be entitled to payment from the Municipal Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to the Municipal Bond Insurer its records evidencing the payment of principal of and interest on the Series 2003 Bonds which have been made by the Paying Agent and subsequently recovered from Holders and the dates on which such payments were made.

(n) In addition to those rights granted the Municipal Bond Insurer hereunder, the Municipal Bond Insurer shall, to the extent it makes payment of the principal of or interest on the Series 2003 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy, and to evidence such subrogation (A) in the case of subrogation as to claims for past due interest, the Trustee shall note the Municipal Bond Insurer's rights as subrogee on the registration books maintained by the Paying Agent with respect to the Series 2003 Bonds upon receipt from the Municipal Bond Insurer of proof of the payment of interest thereon to the Holders of the Series 2003 Bonds, and (B) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Municipal Bond Insurer's rights as subrogee on the registration books maintained by the Paying Agent upon surrender of the Series 2003 Bonds by the Holders thereof together with proof of the payment or principal thereof.

(o) To the extent that the Bond Resolution or this resolution confers upon or gives or grants to the Municipal Bond Insurer any right, remedy or claim under or by reason of the Bond Resolution or this resolution, the Municipal Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted thereunder.

(p) The Paying Agent may be removed at any time, at the request of the Municipal Bond Insurer, for any breach of the trust set forth in the Bond Resolution or herein.

(q) The Municipal Bond Insurer shall receive prior written notice of any Paying Agent resignation.

(r) Any successor Paying Agent shall not be appointed unless the Municipal Bond Insurer approves such successor in writing.

(s) Notwithstanding any other provision of the Bond Resolution, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of the Bond Resolution, the Paying Agent shall consider the effect on the Bondholders as if there were no Policy.

(t) Notwithstanding any other provision of the Bond Resolution, no removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to the Municipal Bond Insurer, shall be appointed.

(u) Nothing in the Bond Resolution or this resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Town, the Paying Agent, the Municipal Bond Insurer and the Holders of the Series 2003 Bonds, any right, remedy or claim under or by reason of the Bond Resolution or this resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in the Bond Resolution or this resolution contained by and on behalf of the Town shall be for the sole and exclusive benefit of the Town, the Paying Agent, the Municipal Bond Insurer and the Holders of the Series 2003 Bonds.

(v) Any reorganization or liquidation plan with respect to the Town must be acceptable to the Municipal Bond Insurer. In the event of any reorganization or liquidation, the Municipal Bond Insurer shall have the right to vote on behalf of all Bondholders absent a default by the Municipal Bond Insurer under the Policy.

SECTION 13. SURETY BOND.

(a) The Bond Resolution requires that funds be maintained on deposit in the Reserve Account in an amount equal to the Reserve Account Requirement. The Bond Resolution permits such requirement to be met by the provision of a Reserve Account Credit Facility. The Town hereby approves the commitment from the Municipal Bond Insurer, attached as Exhibit "E" (the "Surety Bond Commitment"), to issue a debt service reserve surety bond with respect to the Series 2003 Bonds (the "Surety Bond"), and further authorizes the application of proceeds of the Series 2003 Bonds to payment of the premium for the Surety Bond. In connection with the provision of the Surety Bond, the Town hereby authorizes and directs the Mayor or Town Administrator to execute and deliver, and the Town Clerk to attest under seal of the Town, the Guaranty Agreement with the Municipal Bond Insurer in substantially the form attached as an exhibit to the Surety Bond Commitment, with such changes, modifications, deletions and insertions, as the Mayor or Town Administrator, with the advice of Bond Counsel and the Town Attorney, may deem necessary and appropriate. Execution and delivery of the Guaranty Agreement by the Mayor or Town Administrator shall be conclusive evidence of approval of such changes.

(b) As long as the Surety Bond is in full force and effect, the Town and any Paying Agent for the Series 2003 Bonds agree to comply with the following provisions:

(i) In the event and to the extent that moneys on deposit in the funds and accounts established for the Series 2003 Bonds to pay the principal of and interest on the Series 2003 Bonds, plus all amount on deposit in and credited to the Reserve Account in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (A) one (1) day after receipt by the General Counsel of the Municipal Bond Insurer of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under the Bond Resolution has not been made to the Paying Agent; or (B) the payment date of the Series 2003 Bonds as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of the Municipal Bond Insurer, the Municipal Bond Insurer will make a deposit of funds in an account with the Paying Agent or its successor, in New York, New York, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent under the Bond Resolution (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(ii) The Town shall, after the Paying Agent submits to the Municipal Bond Insurer the Demand for Payment as provided in (i) above, make available to the Municipal Bond Insurer all records relating to the funds and accounts maintained under the Bond Resolution.

(iii) The Paying Agent shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Reserve Account to the extent of moneys received pursuant to such Demand.

(iv) The Reserve Account shall be replenished in the following priority: (A) principal and interest on the Surety Bond and on the Additional Funding Instrument shall be paid from first available Net Revenue on a pro rata basis; and (B) after all such amounts are paid in full, amounts necessary to fund the Reserve Account to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument, shall be deposited from next available Net Revenue.

SECTION 14. GENERAL AUTHORITY. The Mayor, the Town Administrator, the Finance Director, the Town Clerk, the Town Attorney, any member of the Town Council and any other proper officials of the Town are hereby authorized to do all acts and things required of them by this resolution, the Bond Resolution, the Official Statement, the Series 2003 Bonds, the Escrow Deposit Agreement and the Purchase Contract, or that may otherwise be desirable or consistent with accomplishing the full, punctual and complete performance of all the terms, covenants and agreements contained in any of the foregoing, including the execution of any documents or instruments relating to the purchase of escrow securities, and each member, employee, attorney and officer of the Town is hereby authorized and directed to execute and deliver any and all papers and instruments and to cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated thereby. The application by the Town for escrow securities may be filed on behalf of the Town by either Bond Counsel or the Underwriters.

SECTION 15. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, but not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way effect the validity of the other provisions hereof or of the Series 2003 Bonds.

SECTION 16. BOND RESOLUTION TO CONTINUE IN FORCE. Except as herein expressly provided, the Bond Resolution and all the terms and provisions thereof, are and shall, remain in full force and effect.

SECTION 17. EFFECTIVE DATE. This resolution shall be effective immediately upon its adoption.

[Remainder of this page intentionally left blank]

Passed and adopted at a meeting of the Town on the 6th day of August, 2003.

(SEAL)

TOWN OF DAVIE, FLORIDA

Mayor

ATTEST:

Clerk

EXHIBIT “A”

PURCHASE CONTRACT

EXHIBIT “B”

ESCROW DEPOSIT AGREEMENT

EXHIBIT “C”

PRELIMINARY OFFICIAL STATEMENT

EXHIBIT “D”

BOND INSURANCE COMMITMENT

EXHIBIT “E”

SURETY BOND COMMITMENT

RMSS&R, P.A. Draft 7/22/03

\$ _____
TOWN OF DAVIE, FLORIDA
WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2003

BOND PURCHASE AGREEMENT

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BOND PURCHASE AGREEMENT

This Bond Purchase Agreement dated _____, 2003 ("Bond Purchase Agreement") is entered into by and among the following parties (hereinafter individually called a "Party" and collectively called the "Parties"):

Town of Davie, Florida, a municipal corporation of the State of Florida, duly organized and existing under the Constitution and laws of the State of Florida (the "Town"); and

SunTrust Capital Markets, Inc. (the "Managing Underwriter") and the underwriters listed on the attached Schedule A (hereinafter called a "Participating Underwriter" and, collectively with the Managing Underwriter, sometimes called the "Underwriters").

ARTICLE I DEFINITIONS

SECTION 1.1. Participants. In addition to the Parties, various persons and firms will participate in the financing to which this Bond Purchase Agreement relates. Among them are those identified below (hereinafter collectively called the "Participants"):

Bond Counsel and Disclosure Counsel:

Adorno & Yoss, P.A.
Miami, Florida

Counsel to the Town:

Office of the Town Attorney
Davie, Florida

Town's Financial Advisor:

Public Financial Management, Inc.
Orlando, Florida

Town's Governing Body:

The Town Council of the Town

Escrow Agent:

Insurer:

Ambac Assurance Corporation
New York, New York

Verification Agent:

SECTION 1.2. Contracts, Instruments and Documents. Various contracts, instruments and documents are involved in the financing to which this Bond Purchase Agreement relates. Among them are those identified below:

2003 Basic Documents:

This Bond Purchase Agreement, the Series 2003 Bonds and the Escrow Agreement.

Closing Papers:

Collectively, the certificates, opinions, instruments and other documents described in Section 4.2 of this Bond Purchase Agreement.

Escrow Agreement:

The Escrow Deposit Agreement dated as of _____, 2003 between the Town and the Escrow Agent.

Financial Statements:

The audited financial statements for the fiscal year ended September 30, 2002 of the Town included in the Official Statement as an Appendix.

Official Statement:

The Official Statement (including the Appendices thereto), dated the date hereof, summarizing the terms of the Series 2003 Bonds and other related matters.

Preliminary Official Statement:

The Preliminary Official Statement (including the Appendices thereto), dated _____, 2003, summarizing the terms of the Series 2003 Bonds and related matters.

Refunded Bonds:

The Town's outstanding Water and Sewer Improvement and Refunding Revenue Bonds, Series 1992 to be paid and redeemed with proceeds of the Series 2003 Bonds and other legally available funds of the Town as set forth in the Escrow Agreement.

Series 2003 Bonds:

The City's Water and Sewer Revenue Refunding Bonds, Series 2003.

Tax Certificate:

The certificate of the Town setting forth its reasonable expectations regarding the use of the proceeds of the Series 2003 Bonds, among other matters.

SECTION 1.3. Legal Authorities. Various legal authorities are involved in the financing to which this Bond Purchase Agreement relates. Among them are those identified below:

Code:

The Internal Revenue Code of 1986, as amended through and including the Closing Date and, to the extent applicable, the Internal Revenue Code of 1954, as amended, and, to the extent applicable, the regulations issued or proposed pursuant thereto.

Resolution:

Resolution No. _____ of the Town adopted on _____, 2003, as supplemented by Resolution No. _____ of the Town adopted on _____

_____, 2003, authorizing the issuance of the Series 2003 Bonds, among other matters.

SECTION 1.4. Events, Dates and Places. Various dates and places are significant in the financing to which this Bond Purchase Agreement relates. Among them are those identified below:

Closing: The consummation of the transaction at which the Series 2003 Bonds are delivered by the Town to the Underwriters, and paid for by the Underwriters, pursuant to this Bond Purchase Agreement.

Closing Date: _____, 2003, or such other date as the Parties may agree.

Closing Time: 11:00 a.m. Eastern Daylight Time or such other time as the Parties may agree.

Place of Closing:

SECTION 1.5. Other Definitions. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Resolution or the Official Statement.

ARTICLE II REPRESENTATIONS AND COVENANTS

SECTION 2.1. Representations and Covenants of Town. As an inducement to the Underwriters to enter into this Bond Purchase Agreement, the Town makes the following representations and covenants:

(a) The Town is a municipal corporation of the State of Florida, duly organized and validly existing under the Constitution and laws of the State of Florida.

(b) Each of the resolutions comprising the Resolution was adopted by the Town's Governing Body at meetings duly called and held in open session upon requisite prior public notice pursuant to the laws of the State of Florida and the standing resolutions and rules of procedure of the Town's Governing Body. Each of the resolutions comprising the Resolution is in full force and effect. No portions of the resolutions comprising the Resolution have been supplemented, repealed, rescinded or revoked. The Resolution secures the Series 2003 Bonds and create a valid pledge of, and first lien and charge upon, the Pledged Revenues for the payment of the Series 2003 Bonds. Pursuant to the Resolution, the Town has approved the current refunding and defeasance of the Refunded Bonds from proceeds of the Series 2003 Bonds and other legally available funds of the Town.

(c) The Town has full right, power and authority to enter into, execute and deliver the Official Statement and the 2003 Basic Documents and to perform its obligations thereunder and as contemplated thereby, including the current refunding of the Refunded Bonds, and to pledge the Pledged Revenues to payment of the Series 2003 Bonds. All permits, consents or licenses, if any, and all notices to or filings necessary for such performance have been obtained or made. When executed and delivered, the 2003 Basic Documents shall constitute legal, valid and binding obligations of the Town and all conditions and requirements of the Resolution relating to the Series 2003 Bonds will have been complied with or

fulfilled. Upon issuance of the Series 2003 Bonds, the Refunded Bonds will be deemed paid and defeased and no longer outstanding under the resolutions pursuant to which they were issued, the Refunded Bonds will no longer have a lien or charge on Gross Revenues and there will be no bonds or other obligations of the Town outstanding under the Resolution or secured by Pledged Revenues, other than the Series 2003 Bonds.

(d) The persons executing the 2003 Basic Documents and the Official Statement on behalf of the Town are authorized for and in the name of the Town to execute, deliver and perform the obligations of the Town under the 2003 Basic Documents and as contemplated by the Official Statement and to execute, deliver, file or record such other incidental papers, documents and instruments as shall be necessary to carry out the intention and purposes of the 2003 Basic Documents and the Resolution.

(e) No authorization, approval, consent or license of any governmental body or authority, not already obtained, is required for the adoption of the resolutions comprising the Resolution and the valid and lawful execution and delivery by the Town of the 2003 Basic Documents and the Official Statement and the Town is not aware of any facts or circumstances that would prevent it from obtaining, in due course, any authorization, approval, consent or license of any governmental body or authority required for the adoption of the resolutions comprising the Resolution and the valid and lawful performance of the obligations of the Town under the 2003 Basic Documents or as contemplated thereby, including the current refunding of the Refunded Bonds.

(f) The adoption of the resolutions comprising the Resolution and the execution and delivery by the Town of the 2003 Basic Documents and the Official Statement and the performance by the Town of its obligations under the 2003 Basic Documents or as contemplated thereby is permitted by and will not conflict with or constitute a material breach of or default under any existing law, court or administrative regulation, decree or order or any commitment, indenture, mortgage, lease, contract, agreement or instrument to which the Town is a party, or by which it or any of its properties are bound or subject. No event has occurred which, with the lapse of time or the giving of notice or both, would constitute a material event of default (as therein defined) under any of the 2003 Basic Documents (or drafts thereof, as applicable, as such drafts were presented to the Town's Governing Body at the time of its consideration of the resolutions comprising the Resolution). No material event of default has occurred which, with the lapse of time or the giving of notice or both, would constitute an event of default (as therein defined) under the Resolution and the resolutions comprising the Resolution are each in full force and effect and have not been amended or modified except as disclosed in the Official Statement.

(g) There is no litigation, administrative proceeding or investigation pending (nor, to the knowledge of the Town, is any such action threatened) in the Circuit Court of the State of Florida in and for Broward County, Florida or in the United States District Court for the Southern District of Florida or in any other court for which the Town has received actual notice (i) which in any way affects, contests, questions or seeks to restrain or enjoin any of the following: (A) the powers or valid existence of the Town or the titles of the members of the Town's Governing Body or the Mayor or Town Clerk of the Town to their respective offices; (B) any of the proceedings had or actions taken leading up to the sale, issuance and delivery of the Series 2003 Bonds or the execution, delivery or performance of this Bond Purchase Agreement; or (C) the delivery, validity or enforceability of the Series 2003 Bonds, the Resolution or any of the 2003 Basic Documents, the pledge of the Pledged Revenues, or the power of the Town to undertake or consummate the transactions contemplated therein and in the Official Statement; (ii) which contests in any way the completeness or accuracy of the Official Statement; or (iii) wherein an unfavorable decision, ruling or finding would materially and adversely affect the validity or enforceability of the Resolution or the 2003 Basic Documents; or (iv) which would have a material adverse effect upon the operations of the Town or the System.

(h) To the knowledge of the Town, the Town is not on the date hereof, and will not be on the Closing Date, in default under any instrument to which the Town is subject or by which it or its properties are or may be bound or subject, which default would (i) have a material adverse effect on the condition of the Town or the System, financial or otherwise (other than as disclosed in the Official Statement) or (ii)

otherwise materially affect its ability to perform its obligations under the Resolution or the 2003 Basic Documents.

(i) To the best of the Town's knowledge, the Town has not been advised by the Commissioner, any District Director or any other official of the Internal Revenue Service that certifications by the Town with respect to arbitrage may not be relied upon.

(j) The Town will apply the proceeds of the Series 2003 Bonds in the manner described in the Official Statement and the Tax Certificate and will not take or omit to take any action that will in any way cause or result in the proceeds of the sale of the Series 2003 Bonds to be applied in a manner other than as described in the same.

(k) The Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis except for the changes in accounting principles noted therein, if any, and fairly present the financial position of the Town, the results of operations and cash flows at the date and for the period indicated.

(l) There has been no material adverse change in the business, properties or financial condition of the Town and the System from that shown in the Financial Statements for the period ended September 30, 2002.

(m) The System conforms to the description thereof set forth in the Official Statement. The System (i) has not failed to obtain any license, permit, certificate or other governmental authorization necessary for the conduct of its business or the ownership and operation of its properties, (ii) except as described in the Preliminary Official Statement, has not received any notice from any governmental authority and to its knowledge no such notice is pending or threatened alleging that the System has violated, or has not complied with, any such condition, standard, law, ordinance or regulation, and (iii) is not a party to any agreement or instrument, or subject to any judgment, order, writ, rules, regulation, code or ordinance, except where any such violation, noncompliance, failure agreement or judgment would not constitute a material adverse effect on the properties, businesses, results of operations, prospects, management or financial or other condition of the System. The System has all licenses, permits, approvals, registrations, contracts, consents, approvals, qualifications and other authorizations necessary for the lawful conduct of its business or operations wherever now conducted. The System is not in default under any of such licenses, permits, approvals, consents, or authorizations and no event has occurred, and no condition exists, which, with the giving of notice, the passage of time, or both, would constitute a default thereunder or would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such permit, license or authorization. Neither the System nor any of its operations is in violation of any applicable state or federal law or regulation or any restrictive covenant or deed restriction relating to environmental matters (recorded or otherwise), the violation of which is likely to have a material adverse effect on the condition (financial or otherwise), operations, business, assets or prospects of the System. The System is not subject to any existing, pending or threatened investigation, inquiry or proceeding by any governmental authority or subject to any remedial obligations with respect to any environmental matters.

(n) As of their respective dates, as of the date hereof, and as of the Closing Date, the Preliminary Official Statement and Official Statement (excluding the information under the headings "DESCRIPTION OF THE SERIES 2003 BONDS—Book Entry Only System," and "MUNICIPAL BOND INSURANCE POLICY") did not, do not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. The Town has consented to the use of the Preliminary Official Statement and the Official Statement by the Underwriters in connection with the public offering of the Series 2003 Bonds.

(o) The Town will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Managing Underwriter may reasonably request in order to qualify the Series 2003 Bonds for offer and sale under the Blue Sky or other securities laws or regulations of such states and other jurisdictions of the United States as the Underwriters may designate and to determine the eligibility of the Series 2003 Bonds for investment under the laws of such states and jurisdictions, and will undertake its best efforts to continue such qualifications in effect as long as required for the distribution of any Series 2003 Bonds, provided that the Town will not be required to qualify to do business, or be subject to service of process in or subject itself to the jurisdiction of, any state other than the State of Florida.

(p) The Town has not, since December 31, 1975 been in default in the payment of principal of, premium, if any, or interest on, or otherwise been in default with respect to, any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of

principal, premium, if any, or interest, nor has any other person been in default with respect to payment of principal of, premium, if any, or interest on any bonds, notes or other obligations which it has issued, except, in both cases, as described in the Preliminary Official Statement and the Official Statement and certain conduit issues which the opinion of the Town would not be considered material by a reasonable investor and therefor do not have to be disclosed in the Official Statement under Rule 3E-400.003, Rules of Government Securities, promulgated under Section 517.051(1), Florida Statutes.

(q) If between the date hereof and the date of the Closing any event shall occur which would or might cause the information contained in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Town shall notify the Managing Underwriter thereof, and if in the reasonable opinion of the Managing Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Town will cooperate with the Managing Underwriter in supplementing or amending the Official Statement (the printing of which will be the expense of the Town) in such form and manner and at such time or times as may be reasonably called for by the Managing Underwriter.

(r) The Town agrees that after the Closing and during the period ended ninety (90) days after the "end of the underwriting period," hereinafter described (i) the Town will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy prior to any proposed adoption, the Managing Underwriter shall object in writing or which shall be disapproved by counsel for the Underwriters and (ii) if any event relating to or affecting the Town or the Series 2003 Bonds shall occur as a result of which it is necessary, in the opinion of the Town, the Managing Underwriter or counsel to the Underwriters, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it was delivered to a purchaser, the Town shall, at its expense, forthwith prepare and furnish to the Underwriters a reasonable number of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Town and the Managing Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of circumstances existing at the time the Official Statement was delivered to a purchaser, not misleading. The Town will promptly notify the Managing Underwriter of the occurrence of any event which, in the Town's opinion, is an event described in clause (ii) of the preceding sentence. For purposes of the foregoing, the term "end of the underwriting period" means the date of Closing or the date on which the Underwriters do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Series 2003 Bonds for sale to the public, which date shall be no later than ninety (90) days after the date of Closing. The Underwriters will promptly notify the Town in writing of the end of the underwriting period.

(s) The Town has never failed to comply with its continuing disclosure undertakings pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Commission in connection with all outstanding bond issues or other obligations of the Town for which the Town has agreed to undertake continuing disclosure obligations.

(t) Upon the issuance of the Series 2003 Bonds, the Reserve Account will be fully funded in accordance with the terms of the Resolution in an amount equal to the Reserve Account Requirement.

ARTICLE III

AGREEMENT TO PURCHASE BONDS

SECTION 3.1. Delivery of Documents to Underwriters. Prior to or simultaneously with the execution and delivery of this Bond Purchase Agreement, the Managing Underwriter shall have delivered the Underwriters' Truth-In-Bonding and Disclosure Statement required by law, as set forth in Exhibit E hereto, and the Underwriters shall have received one copy each of

drafts of the 2003 Basic Documents and the Preliminary Official Statement in substantially the respective forms thereof on record with the Town's Governing Body at the time of its consideration and enactment of the Town's Resolution. As soon as practicable after the date hereof, and in any event, within seven days of the date hereof, or by such earlier date as requested by the Managing Underwriter, as required by paragraph (b)(3) of Rule 15(c)2-12 of the Securities and Exchange Commission ("SEC") or the rules of the Municipal Securities Rulemaking Board ("MSRB"), the Town shall deliver or cause to be delivered to the Underwriters copies of the Official Statement, dated the date hereof, in sufficient quantities to allow the Underwriters to comply with paragraph (b)(4) of Rule 15(c)2-12 of the SEC and the rules of the MSRB, in substantially the form of the Preliminary Official Statement with only such changes therein as shall have been approved by the Town and the Managing Underwriter. References to the Official Statement shall include the cover page and all exhibits, appendices, reports and statements included with or attached to it and any amendments and supplements that may be authorized by the Town and to which the Managing Underwriter does not reasonably object, and any amendments and supplements which may be reasonably required by the Underwriters for use with respect to the Series 2003 Bonds. The Official Statement shall be executed on behalf of the Town by its Mayor or other duly authorized officer.

The Town approves the Preliminary Official Statement, and consents to the use of the Preliminary Official Statement and the Official Statement and the information contained therein by the Underwriters. The Town deems final the Preliminary Official Statement, as of its date, for purposes of Rule 15(c)(2)-12, with certain omissions therein in connection with the pricing of the Series 2003 Bonds.

The Underwriters will cause the final Official Statement to be deposited in various securities depositories as required by law.

SECTION 3.2. Agreement to Sell and Purchase Series 2003 Bonds. The Series 2003 Bonds shall have the terms specified in the Resolution and herein, including the maturities, amounts, interest rates, prices or yields and redemption provisions set forth in Exhibit A annexed hereto. Upon the basis of the representations and upon the terms and conditions set forth in this Bond Purchase Agreement, the Underwriters agree to purchase, and the Town agrees to issue and to authenticate and deliver to the Underwriters, (i) all (but not less than all) of the Series 2003 Bonds for the aggregate purchase price of \$_____ (representing the \$_____ original principal amount of the Series 2003 Bonds, [plus \$_____ of net original issue premium][less \$_____ of net original issue discount] and less \$_____ of Underwriters' discount) (the "Series 2003 Purchase Price"). Payment of the Series 2003 Purchase Price shall be made by the Underwriters to the order of the Town on the Closing Date for the Series 2003 Bonds in immediately available Federal funds. The Town shall deliver one fully registered Series 2003 Bond for each maturity, duly executed and authenticated, to the Paying Agent and Registrar, as agent for The Depository Trust Company, New York, New York, through the FAST system of closing at the Place of Closing or at such other place as may be mutually agreed upon by the Town and the Managing Underwriter. Upon such delivery, and the delivery of the other documents hereinafter mentioned, and subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the Series 2003 Purchase Price. The Series 2003 Bonds shall be registered in the name of Cede & Co., or in such other names and in such authorized denominations as the Underwriter shall reasonably specify in writing at least three (3) business days prior to the Closing Date. The Series 2003 Bonds shall be available for

examination and packaging by the Underwriters at least one (1) business day prior to the Closing Date.

SECTION 3.3. Public Offering of Series 2003 Bonds. The Underwriters agree to make a bona fide public offering of the Series 2003 Bonds, solely pursuant to the Preliminary Official Statement, at the initial offering prices set forth in the Official Statement, reserving, however, the rights to (i) change such initial offering prices as the Managing Underwriter shall deem necessary in connection with the marketing of the Series 2003 Bonds and (ii) offer and sell the Series 2003 Bonds to certain dealers (including dealers depositing the Series 2003 Bonds into investment trusts) at concessions to be determined by the Underwriters. The Underwriters also reserve the right to over-allot or effect transactions that stabilize or maintain the market prices of the Series 2003 Bonds at levels above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time.

SECTION 3.4. Good Faith Deposit. The Town hereby acknowledges receipt of immediately available Federal funds or a certified check in an amount equal to \$_____ (the “Good Faith Deposit”) as security for the performance by the Underwriters of their obligation to accept and pay for the Series 2003 Bonds on the Closing Date in accordance with the provisions of this Bond Purchase Agreement. The Town shall retain the Good Faith Deposit uncashed, except under the circumstances hereinafter set forth. In the event the Town fails to deliver the Series 2003 Bonds at the Closing thereof, or if the Town shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Bond Purchase Agreement or if such obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, the Town shall be obligated to immediately return the Good Faith Deposit to the Underwriters. In the event the Underwriters accept and pay for the Series 2003 Bonds on the Closing Date, the Town shall be obligated to concurrently return the Good Faith Deposit to the Underwriter. In the event the Underwriters fail (other than for a reason permitted under this Bond Purchase Agreement) to accept and pay for the Series 2003 Bonds on the Closing Date, the Good Faith Deposit may be retained by the Town as and for full liquidated damages for such failure, and not as a penalty, and for any and all defaults hereunder on the part of the Underwriters, and thereupon, all claims and rights hereunder against the Underwriters shall be fully released and discharged, it being understood by the Town and the Underwriters that actual damages in such circumstances may be difficult or impossible to compute.

ARTICLE IV CLOSING CONDITIONS

SECTION 4.1. Performance of Obligations. The obligations and agreements of the Underwriters under this Bond Purchase Agreement are expressly made subject to the due performance by the Town at or prior to the Closing Time of its obligations and undertakings pursuant to this Bond Purchase Agreement.

SECTION 4.2. Delivery of Closing Papers. The obligations and agreements of the Underwriters under this Bond Purchase Agreement are expressly made subject to the condition that, at or prior to the Closing Time, there shall have been delivered to the Underwriters each of the following which the Town agrees to do:

(a) 2003 Basic Documents:

(i) One executed copy of each of the 2003 Basic Documents in the respective forms thereof delivered to the Underwriters pursuant to Section 3.1 of this Bond Purchase Agreement, which documents shall be in full force and effect, with only such revisions therein or additions thereto as shall have been required to incorporate terms specified in this Bond Purchase Agreement or as shall be satisfactory to the Managing Underwriter.

(ii) Ten executed copies of the Official Statement with the Appendices attached.

(b) Closing Papers to be furnished by the Town:

(i) One copy of each of the resolutions comprising the Resolution, certified by the appropriate Town official to be true and correct copies thereof as adopted and as in full force and effect as of the Closing Date.

(ii) One executed copy of a certificate of an authorized party on behalf of the Town, dated the Closing Date, (A) confirming that each of the representations of the Town contained in Section 2.1 of this Bond Purchase Agreement was true and accurate in all material respects on the date when made, has been true and accurate in all material respects at all times since, and continues to be true and accurate in all material respects on the Closing Date as if such representations were made at the Closing Time, (B) stating that there has been no material adverse change in the business or financial condition of the Town and the System from that shown in the Financial Statements, (C) stating that to its best knowledge no event affecting the Town or the System has occurred since the date of the Preliminary Official Statement which should be disclosed in the Official Statement for the purpose for which it is used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect as of the Closing Date; and (D) certifying that the resolutions comprising the Resolution have not been supplemented, modified, amended or repealed, except as described in the Official Statement.

(iii) One executed original of a customary incumbency and no-litigation certificate, in form prepared by and reasonably acceptable to Bond Counsel, Counsel to the Town and counsel to the Underwriters, dated the Closing Date and signed by an authorized member of the Town's Governing Body.

(iv) One executed copy of the Tax Certificate, in form satisfactory to Bond Counsel, dated the Closing Date, signed by an authorized party on behalf of the Town.

(v) One executed copy of the final approving opinions of Bond Counsel, in substantially the form contained in an Appendix to the Official Statement, and one executed copy of the supplemental legal opinions of Bond Counsel, dated the Closing Date, in the form as set forth in Exhibit C hereto.

(vi) One executed copy of the opinion of the Town Attorney in the form as set forth in Exhibit B hereto.

(vii) One executed copy of the opinion of Disclosure Counsel addressed to the Town and the Underwriters as set forth in the attached Exhibit D.

(viii) Letters of Confirmation with respect to the ratings of the Series 2003 Bonds from Moody's Investors Service, Standard & Poor's Ratings Service and Fitch Ratings of Aaa, AAA and AAA, respectively, for the Series 2003 Bonds in reliance on the municipal bond insurance policy securing the Series 2003 Bonds.

(ix) An executed copy of the Blanket Letter of Representation to The Depository Trust Company.

(x) A certificate of the Escrow Agent to the effect that the Escrow Agent has all requisite authority and power to execute and perform its functions under the Escrow Agreement; the acceptance by the Escrow Agent of its duties and obligations thereunder, and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation or, to the knowledge of such counsel, any agreement or instrument to which the Escrow Agent is subject or violate the organizational documents of the Escrow Agent; all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Escrow Agent of its obligations under the Escrow Agreement have been obtained and are in full force and effect; there is no litigation, proceeding or investigation relating to the Escrow Agent before or by any court, public board or body pending or threatened against or affecting the Escrow Agent challenging the validity of, or in which an unfavorable decision, ruling or finding would materially adversely affect the Escrow Agent's ability to perform under the Escrow Agreement or the transactions contemplated thereby; and the duties and obligations of the Escrow Agent under the Escrow Agreement have been duly accepted by the Escrow Agent.

(xi) The Verification Report of the Verification Agent relating to the Refunded Bonds.

(xii) A letter from _____, the Consulting Engineers for the System, stating that the information in the Preliminary Official Statement and Official Statement under the caption "THE WATER AND SEWER SYSTEM" is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(xiii) The documents required by the Resolution to be delivered as a condition precedent to the delivery of the Series 2003 Bonds.

(xiv) A copy of the Bond Insurance Policy, together with (A) a certificate of the Insurer to the effect that the information in the Official Statement relating to the Insurer and the Bond Insurance Policy does not contain any untrue statement of a material fact or omit to state a material fact required in order to make the statements therein, in light of the circumstances under which they were made, not misleading and that the Insurer is not currently in default, nor has it been in default at any time with respect to the payment of the principal of, or interest on, any obligation guaranteed by the Insurer and (B) a customary opinion of counsel to the Insurer.

(d) Other Assurances: Such additional opinions, certificates, proceedings, instruments and other documents as the Underwriters, counsel to the Underwriters or Bond Counsel may reasonably request to verify or evidence (i) compliance by the Parties with applicable legal requirements, (ii) the truth and accuracy of the representations or opinions of the Parties contained in this Bond Purchase Agreement or in any Closing Paper, or (iii) the due performance of all agreements and the satisfaction of all conditions required to be performed or satisfied at or prior to the Closing Time.

SECTION 4.3. Form of Closing Papers; Waiver of Conditions. The Closing Papers to be delivered to the Underwriters pursuant to this Bond Purchase Agreement shall be deemed to be in compliance with the conditions of this Bond Purchase Agreement if, but only if, in the reasonable judgment of the Underwriters, they are satisfactory in form and substance. The legal opinions and certificates described in Section 4.2 shall be addressed to the Underwriters or a reliance letter with respect thereto shall be addressed to the Underwriters. No condition hereof

shall be deemed to have been waived by the Underwriters unless expressed specifically in a writing signed by the Managing Underwriter.

ARTICLE V TERMINATION; PAYMENT OF EXPENSES

SECTION 5.1. Termination. This Bond Purchase Agreement may be terminated by the Underwriters without liability on the part of the Underwriters, if, at or prior to the Closing Time:

(a) The Resolution or this Bond Purchase Agreement shall not be in full force and effect or shall have been supplemented, modified, amended or repealed, without the prior written consent of the Underwriters.

(b) Any representation of the Town contained in this Bond Purchase Agreement or in any Closing Paper shall prove to be or to have been false in any material respect;

(c) There shall be a material failure of any one or more of the conditions set forth in Sections 4.1, 4.2 or 4.3 of this Bond Purchase Agreement;

(d) Litigation or an administrative proceeding or investigation shall be pending or threatened (i) which in any way affects, contests, questions or seeks to restrain or enjoin any of the following: (A) the powers or valid existence of the Town or the titles of the members of the Town's Governing Body or its other officers to their respective offices; (B) any of the proceedings had or actions taken leading up to the sale, issuance and delivery of the Series 2003 Bonds or the execution, delivery or performance of this Bond Purchase Agreement; or (C) the delivery, validity or enforceability of the Series 2003 Bonds, the Resolution or any of the 2003 Basic Documents, the pledge of the Pledged Revenues, or the power of the Town to undertake or consummate the transactions contemplated therein and in the Official Statement; (ii) which contests in any way the completeness or accuracy of the Official Statement; or (iii) wherein an unfavorable decision, ruling or finding would materially and adversely affect the validity or enforceability of the Resolution or the 2003 Basic Documents; or (iv) which would have a material adverse effect upon the operations of the Town or the System.

(e) Any legislative, executive or regulatory action or any court decision shall occur which, in the judgment of the Managing Underwriter, casts sufficient doubt on the legality of, or the exclusion from gross income for Federal income tax purposes of interest on, obligations of the general kind and character as the Series 2003 Bonds so as to impair materially the marketability, or to reduce materially the market price of, such obligations;

(f) Any action by the Securities and Exchange Commission or a court shall occur which would require registration of any Series 2003 Bonds under the Securities Act of 1933, as amended, or the qualification of the Resolution under the Trust Indenture Act of 1939, as amended;

(g) Any material restriction not presently in force on trading in securities generally or in the Town's outstanding bonds, or any banking moratorium shall be declared by Federal or New York State authorities or otherwise occur, which, in the judgment of the Managing Underwriter substantially impairs the marketability of the Series 2003 Bonds;

(h) There shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis, the effect of which is such as to

make it, in the judgment of the Managing Underwriter, impractical or inadvisable to proceed with the offering or delivery of the Series 2003 Bonds as contemplated by the Official Statement;

(i) There shall occur any adverse change in the operations, properties or financial condition of the Town from that described in the Official Statement, which, in the judgment of the Managing Underwriter, is material and makes it inadvisable to proceed with the sale of the Series 2003 Bonds or materially affects the market price for the Series 2003 Bonds the ability of the Underwriters to enforce contracts for the sale of the Series 2003 Bonds at the prices stated in this Bond Purchase Agreement; or

(j) Any amendment or supplement to the Official Statement is proposed by the Town or Managing Underwriter which, in the judgment of the Managing Underwriter, materially affects the market price for the Series 2003 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2003 Bonds at the prices stated in this Bond Purchase Agreement.

SECTION 5.2. Payment of Expenses. The following costs and expenses relating to the transactions contemplated or described in this Bond Purchase Agreement shall be borne and paid by the Town regardless of whether the transactions herein contemplated shall close: printing of Series 2003 Bonds; printing and photocopying of Closing Papers (including the Preliminary Official Statement and the Official Statement) in such reasonable quantities as the Underwriters may request; fees and disbursements of Bond Counsel; fees and disbursements of the Town's Financial Advisor, the insurance premium for the Bond Insurance Policy, and fees of the rating agencies, Escrow Agent and Verification Agent. The Town shall pay for expenses incurred by the Underwriters on behalf of the Town's employees which are incidental to implementing this Bond Purchase Agreement, including, but not limited to, meals, transportation, lodging and entertainment of those employees. The Underwriters shall pay (i) the fees and disbursements of counsel to the Underwriter; (ii) all advertising expenses in connection with the public offering of the Series 2003 Bonds; (iii) the fees and expenses associated with preparation of blue sky and legal investment memoranda; and (iv) all other expenses incurred by them in connection with their public offering and distribution of the Series 2003 Bonds.

Except as otherwise provided above, the Town and the Underwriters shall each bear the costs and expenses incident to the performance of their respective obligations under this Bond Purchase Agreement.

ARTICLE VI MISCELLANEOUS

SECTION 6.1. Parties In Interest; Survival of Representations. This Bond Purchase Agreement is made solely for the benefit of the Town and the Underwriters and no other person, partnership, association or corporation, including but not limited to owners of Series 2003 Bonds or beneficial interests therein, shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Party and shall survive the delivery of and payment for the Series 2003 Bonds.

SECTION 6.2. Notices. All notices, demands, certificates or other communications (other than the Closing Papers) under this Bond Purchase Agreement shall be sufficiently given and shall be deemed given when hand delivered or when mailed by certified or registered mail, postage prepaid, or by prepaid telegram, or by electronic communications with the original forwarded by certified or registered mail, postage prepaid, with proper address as indicated below:

To the Town:

Town of Davie
6591 Orange Drive
Davie, Florida 33314
Attn: Town Manager

To the Underwriters:

SunTrust Capital Markets
200 South Orange Avenue
MC 0-1102
Tower 10
Orlando, Florida 32801
Attn: Tim Kiley

SECTION 6.3. Amendment. No modification, alteration or amendment to this Bond Purchase Agreement shall be binding upon any Party until such modification, alteration or amendment is reduced to writing and executed by all Parties.

SECTION 6.4. Governing Law; Venue. The laws of the State of Florida shall govern this Bond Purchase Agreement. Venue shall be in Broward County, Florida.

SECTION 6.5. Captions. The captions or headings in this Bond Purchase Agreement are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Bond Purchase Agreement.

SECTION 6.6. Counterparts. This Bond Purchase Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 6.7. Severability. If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Bond Purchase Agreement contained, shall not affect the remaining portions of this Bond Purchase Agreement, or any part thereof.

SECTION 6.8. Rights of Managing Underwriter. The Managing Underwriter, on behalf of the Underwriters, being duly authorized to do so, shall have the power to enter into this Bond Purchase Agreement, to consent to any amendments hereto, to agree to the interpretation of the provisions hereof and to waive any preconditions to Closing hereunder.

SECTION 6.9. Effective Time of this Bond Purchase Agreement. This Bond Purchase Agreement shall be effective and binding upon its execution and delivery.

[Signatures To Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth beneath each signature.

[SEAL]

The Town:

ATTEST:

TOWN OF DAVIE, FLORIDA

By: _____
Its: Town Clerk

By: _____
Its: Mayor
Date: _____

The Underwriters:

SUNTRUST CAPITAL MARKETS, INC., on behalf of itself
and the other Underwriters listed on Schedule A hereto.

By: _____
Its: _____
Date: _____

SCHEDULE A

SunTrust Capital Markets, Inc.

Citigroup Capital Markets, Inc.

EXHIBIT A

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES,
PRICES OR YIELDS**

REDEMPTION PROVISIONS

EXHIBIT B

[Closing Date]

Town of Davie, Florida
Davie, Florida

SunTrust Capital Markets, Inc.
Orlando, Florida

Re: \$_____ Town of Davie, Florida Water and Sewer Revenue Refunding Bonds, Series 2003

Ladies and Gentlemen:

I am Town Attorney for the Town of Davie, Florida (the "Town") and have served in such capacity in connection with the issuance of the above-captioned bonds (the "Series 2003 Bonds") and related transactions. This opinion is furnished pursuant to the Bond Purchase Agreement dated _____, 2003 (the "Purchase Agreement") among the Town and SunTrust Capital Markets, Inc., as managing underwriter of the Series 2003 Bonds, on behalf of itself and Citigroup Global Markets, Inc. (collectively, the "Underwriters"). All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement.

The Office of the Town Attorney has examined such documents and instruments as we deemed necessary to render the requested opinion. Based upon examination of such documents and matters of law as the Office of the Town Attorney has determined relevant for the purposes of rendering this opinion, and subject to the reservations set forth herein, I am of the opinion that:

1. The Town is a municipal corporation of the State of Florida, duly created and organized and validly existing under the Constitution and laws of the State of Florida.
2. The Town is authorized by the laws of the State of Florida to pledge the Pledged Revenues to the Series 2003 Bonds, to execute and deliver the 2003 Basic Documents and the Official Statement and to perform its obligations under the 2003 Basic Documents or as described therein.
3. The Town resolutions comprising the Resolution have been duly adopted and have not been amended or repealed, and the execution and delivery by the Town of the Series 2003 Bonds, the 2003 Basic Documents and the Official Statement, and the performance of its obligations thereunder or as described therein, for and in the name of the Town, have been duly authorized by the Town. The Resolution creates a valid pledge of the Pledged Revenues to the payment of the Series 2003 Bonds on a parity with any Additional Parity Obligations hereafter outstanding under the Resolution.
4. The Town has duly authorized the distribution of the Preliminary Official Statement by the Underwriters, has duly approved and executed the Official Statement and has duly authorized the distribution thereof by the Underwriters in connection with the public offering of the Series 2003 Bonds.
5. The Series 2003 Bonds, the 2003 Basic Documents, the Official Statement and the certificates of the Town delivered on this date have been duly authorized, executed and delivered by the Town and constitute valid and legally binding obligations of the Town enforceable against the Town in accordance with their respective terms. The Town resolutions comprising the Resolution and the 2003 Basic Documents are in full force and effect and have not been modified, amended or repealed except as disclosed in the Official Statement.

6. To the best of my knowledge, no authorization, approval, consent, license or other action of any court or public or governmental or regulatory authority having jurisdiction over the Town that has not been obtained is or will be required for enactment and adoption of the Town resolutions comprising the Resolution, the issuance and sale of the Series 2003 Bonds or the valid and lawful authorization, execution and delivery of, or consummation by the Town of the other transactions contemplated by, the 2003 Basic Documents and the Official Statement, including the current refunding of the Refunded Bonds; provided, however, no opinion is provided under federal securities laws and "blue sky" or securities laws of any state.

7. The enactment and adoption by the Town of the Town resolutions comprising the Resolution and the execution and delivery by the Town of the 2003 Basic Documents and the Official Statement and compliance on the Town's part with the provisions contained or described therein, will not conflict with, violate or constitute a material breach of or a default under (a) any existing law, court or administrative regulation, order or decree, or (b) any commitment, mortgage, lease, indenture, agreement, contract or instrument to which the Town is a party or by which it or any of its properties is bound.

8. The Town is not on the date hereof in default under any instrument to which the Town is subject or by which it or its properties are or may be bound or subject, which default would (i) have a material adverse effect on the condition of the Town or the System, financial or otherwise (other than as disclosed in the Official Statement) or (ii) otherwise materially affect its ability to perform its obligations under the Resolution or the 2003 Basic Documents.

9. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by the Circuit Court of the State of Florida in and for Broward County, Florida or in the United States District Court for the Southern District of Florida or any other court, governmental agency, public board or body for which the Town has received actual notice, pending or, to the best of my knowledge, after due investigation, threatened against the Town (i) which in any way affects, contests, questions or seeks to restrain or enjoin any of the following: (A) the powers or valid existence of the Town or the titles of the members of the Town's Governing Body or its other officers to their respective offices; (B) any of the proceedings had or actions taken leading up to the sale, issuance and delivery of the Series 2003 Bonds or the execution, delivery or performance of this Bond Purchase Agreement; or (C) the delivery, validity or enforceability of the Series 2003 Bonds, the Resolution or any of the 2003 Basic Documents, the pledge of the Pledged Revenues, or the power of the Town to undertake or consummate the transactions contemplated therein and in the Official Statement; (ii) which contests in any way the completeness or accuracy of the Official Statement; or (iii) wherein an unfavorable decision, ruling or finding would materially and adversely affect the validity or enforceability of the Resolution or the 2003 Basic Documents; or (iv) which would have a material adverse effect upon the operations of the Town or the System.

10. The statements and information relating to the Town, the System, the Resolution and the other 2003 Basic Documents set forth in the Preliminary Official Statement and the Official Statement (except for the Financial Statements and other financial and statistical data included therein as to which no view is expressed) did not on the respective dates of the Preliminary Official Statement and the Official Statement, and do not on the date hereof, contain any untrue statement of material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Without undertaken to determine independently the accuracy or completeness of the information in the Preliminary Official Statement and the Official Statement except as to the information noted in the preceding sentence, nothing has come to my attention that would lead me to believe that the Preliminary Official Statement and the Official Statement contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading (excluding the financial statements and financial and statistical data included therein as to which no view is expressed).

11. All conditions precedent to the issuance and delivery of the Series 2003 bonds, including defeasance of the Refunded Bonds to be refunded thereby, have been irrevocably provided for fulfilled or otherwise satisfied.

All opinions as to the enforceability of the legal obligations of the Town set forth herein are subject to and limited by bankruptcy, insolvency, reorganization, moratorium, and similar laws in each case relating to or affecting the enforcement of creditors' rights generally, and subject to the enforceability thereof, to the exercise of judicial discretion in accordance with the general principles of equity.

I am qualified to practice law in the State of Florida and for the purpose of this opinion, I do not purport to be an expert on, or to express an opinion herein concerning, the laws of any other jurisdiction (including any such laws which may be applicable by virtue of the application of the choice of law provisions under Florida law) except the laws of the United States to the extent set forth herein.

No one, other than the addressees named above, is entitled to rely upon the statements made, and conclusions expressed, within this opinion.

Very truly yours,

OFFICE OF THE TOWN ATTORNEY

By: _____
Monroe Kiar, Esquire

EXHIBIT C

[Closing Date]

Town of Davie, Florida
Davie, Florida

SunTrust Capital Markets, Inc.
Orlando, Florida

Re: \$ _____ Town of Davie, Florida Water and Sewer Revenue Refunding Bonds, Series 2003

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Davie, Florida (the "Town") in connection with the issuance of the above-captioned bonds (the "Series 2003 Bonds") and related transactions. This opinion is furnished pursuant to the Bond Purchase Agreement dated _____, 2003 (the "Purchase Agreement") among the Town and SunTrust Capital Markets, Inc., as managing underwriter of the Series 2003 Bonds, on behalf of itself and Citigroup Global Markets, Inc.. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement.

We have examined such documents and instruments as we deemed necessary to render the requested opinion. It is our opinion that:

1. The information and statements in the Official Statement under the headings "PURPOSE OF THE SERIES 2003 BONDS," "DESCRIPTION OF THE SERIES 2003 BONDS," (except the subsection therein entitled "Book-Entry Only System"), "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2003 BONDS," "APPENDIX C—THE BOND RESOLUTION" and "APPENDIX E – FORM OF BOND COUNSEL OPINION," insofar as such information and statements constitute summaries of the Resolution, the Escrow Deposit Agreement and the Series 2003 Bonds, constitute fair and accurate summaries of such documents. We are further of the opinion that the statements contained under the heading "TAX MATTERS" are correct as to matters of law and fairly and accurately reflect the information purported to be presented therein.

2. The Series 2003 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the resolutions comprising the Resolution are each exempt from qualification under the Trust Indenture Act of 1939, as amended.

3. Assuming the proper execution and delivery of the Escrow Deposit Agreement by the Town and the Escrow Agent, and in reliance upon the Verification Report, the Town's Refunded Bonds are no longer Outstanding under the resolutions pursuant to which they were issued and the pledge of and lien on the Gross Revenues in favor of the registered owners of the Refunded Bonds shall be no longer in effect.

This opinion is supplemental to our approving opinion dated as of the date hereof with respect to the Series 2003 Bonds. You may rely on our approving opinion as if it were addressed to you.

Respectfully Submitted,

Exhibit C-1

ADORNO & YOSS, P.A.

EXHIBIT D

[Closing Date]

SunTrust Capital Markets, Inc.
Orlando, Florida

Re: \$_____ Town of Davie, Florida Water and Sewer Revenue Refunding Bonds, Series 2003

Ladies and Gentlemen:

We have acted as disclosure counsel in connection with the above-captioned bonds (the "Series 2003 Bonds"). The Series 2003 Bonds are being sold by the Town of Davie, Florida (the "Town") pursuant to the Bond Purchase Agreement dated _____ 10, 2003 (the "Bond Purchase Agreement") among the Town and you, as managing underwriter of the Series 2003 Bonds, on behalf of yourself and Citigroup Global Markets, Inc. In that capacity, we hereby deliver the following opinions.

Based on our participation in the preparation of the Official Statement dated _____, 2003 relating to the Series 2003 Bonds (the "Official Statement"), nothing has come to our attention which would lead us to believe that the Official Statement (except for the financial and statistical data in the Official Statement and the matters set forth therein under the captions "DESCRIPTION OF THE SERIES 2003 BONDS – Book-Entry Only System" and "MUNICIPAL BOND INSURANCE POLICY," as to which no opinion is expressed) is not a fair and accurate summary of the matters purported to be summarized therein and the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. We are also of the opinion that the continuing disclosure undertaking set forth in Resolution No. _____ of the Town adopted on _____, 2003 satisfies, in all material respects, the requirements set forth in Rule 15c2-12(b)(5)(i) of the Securities and Exchange Commission, which requires an undertaking for the benefit of the holders, including beneficial owners, of the Series 2003 Bonds to provide certain annual financial information and event notices to various information repositories at the time and in the manner required by such Rule. We are further of the opinion that, assuming the Series 2003 Bonds are the legal, valid and binding obligations of the Town, the Series 2003 Bonds are exempt from registration under the Securities Act of 1933, as amended, and the resolutions comprising the Resolution are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the United States of America.

Very truly yours,

ADORNO & YOSS, P.A.

EXHIBIT E

UNDERWRITERS' TRUTH-IN-BONDING AND DISCLOSURE STATEMENT

_____, 2003

Town of Davie, Florida
Davie, Florida

Re: \$_____ Town of Davie, Florida Water and Sewer Revenue Refunding Bonds, Series 2003

Ladies and Gentlemen:

The Town of Davie, Florida (the "Town") is proposing to cause to be issued its \$_____ Water and Sewer Revenue Refunding Bonds, Series 2003 (the "Bonds"). The Bonds are expected to be repaid over a period of approximately ____ years. At a true interest rate of _____%, total interest paid over the life of the Bonds will be \$_____.

The source of repayment for the Bonds consists primarily of the Pledged Revenues from the Town's operation of its System (as such term is defined in Town Resolution No. ____). Authorizing the Bonds will result in an average of approximately \$_____ of the Town's Pledged Revenues not being available to finance the other services of the Town each year for approximately ____ years. It should be noted that the Pledged Revenues were pledged to bonds being refunded by the Bonds.

In addition, pursuant to the provisions of Sections 218.385(6), Florida Statutes, the following disclosure is made:

(a) The nature and estimated amounts of expenses to be incurred by SunTrust Capital Markets, Inc. and Citigroup Global Markets, Inc. (the "Underwriters") in connection with the purchase and re-offering of the Bonds are set forth in Exhibit A attached hereto.

(b) No person has entered into an understanding with the Underwriters, or to the knowledge of the Underwriters with the Town, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Town and the Underwriters for the purpose of influencing any transaction in the purchase of the Bonds.

(c) The underwriting spread (i.e., the difference between the price at which the Bonds will be initially offered to the public by the Underwriters and the price to be paid to the Town for the Bonds) will be \$_____ or _____% of the principal amount of the Bonds.

(d) The underwriting spread set forth in paragraph (c) above, includes a management fee of \$_____.

(e) No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriters (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Underwriters as set forth on Schedule I.

(f) The name and address of the Underwriters are:

SunTrust Capital Markets, Inc.
200 South Orange Avenue
MC 0-1102
Tower 10
Orlando, Florida 32801

Citigroup Global Markets Inc.
777 South Flagler Drive, Suite 801-East
West Palm Beach, Florida, 33401

[Signatures To Follow]

We understand that you do not require any further disclosure from the Underwriters pursuant to Section 218.385(4), Florida Statutes.

Very truly yours,

SunTrust Capital Markets, Inc., as representative of
the Underwriters

By: _____

Its: _____

Date: _____

SCHEDULE I

UNDERWRITERS' EXPENSES

<u>Expense</u>	<u>\$/1000</u>	<u>Amount</u>
----------------	----------------	---------------

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT, made and entered into as of the 1st day of _____, 2003, by and between the **TOWN OF DAVIE, FLORIDA** (the “Town”) and _____ as Escrow Agent (the “Escrow Agent”).

W I T N E S S E T H :

WHEREAS, the Town has heretofore issued its \$38,655,000 Town of Davie, Florida Water and Sewer Improvement and Refunding Revenue Bonds, Series 1992 (the “Prior Bonds”) under and pursuant to Resolution No. 92-236, adopted by the Town Council of the Town (the “Council”) on October 21, 1992, as supplemented by Resolution No. 92-237 adopted by the Council on October 21, 1992 and Resolution No. 92-241 adopted by the Council on October 29, 1992 (collectively, the “Prior Resolution”), and the Prior Bonds are currently outstanding in the principal amount of \$29,840,000; and

WHEREAS, the Town has determined to (i) refund the outstanding Prior Bonds, (ii) optionally redeem the Prior Bonds other than the Prior Bonds maturing on October 1, 2012 (hereinafter, the “Callable Prior Bonds”) on _____, 2003, and (iii) defease to their maturity date the Prior Bonds maturing on October 1, 2012 (hereinafter, the “Non-Callable Prior Bonds”); and

WHEREAS, the Town has appointed the Escrow Agent to act as escrow agent hereunder, and the Escrow Agent is authorized to accept deposit of the cash and obligations necessary to refund the Prior Bonds;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

DEFINITIONS

In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

“*Agreement*” shall mean this Escrow Deposit Agreement.

“Governmental Obligations” shall mean non-callable direct obligations of the United States of America, maturing on or before the dates when payments in respect of the Prior Bonds become due, and the principal amount of which and the interest thereon which when due will be in an aggregate amount sufficient to make all payments on the Prior Bonds when due.

“Series 2003 Bonds” shall mean the \$_____ aggregate principal amount of Town of Davie, Florida, Water and Sewer Revenue Refunding Bonds, Series 2003, issued by the Town to refund the Prior Bonds.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word “person” shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

SECTION 1. (a) There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated the “Town of Davie, Florida Escrow Deposit Fund (Series 2003 Bonds)” (hereinafter the “Escrow Fund”) to be held in the custody of the Escrow Agent in accordance with the terms and provisions hereof.

(b) Concurrently with the execution and delivery of this Agreement, there is hereby deposited with the Escrow Agent, and the Escrow Agent hereby acknowledges the receipt of immediately available moneys in the amount of \$_____ from the proceeds of the Series 2003 Bonds, \$_____ transferred by the Town to the Escrow Agent from the funds and accounts held under the Prior Resolution, and \$_____ from other available funds of the Town. The moneys deposited with the Escrow Agent pursuant to the preceding sentence shall be deposited into the Escrow Fund and invested in the Government Obligations specified in Exhibit “B” and the Town represents, in reliance upon the Verification Report, dated the date of delivery of the Series 2003 Bonds, from _____, that the principal amount of the Government Obligations and the interest thereon when due, together with the uninvested cash, will be in an aggregate principal amount sufficient to make all principal and interest payments, including redemption premium, on the Callable Prior Bonds on _____, 2003, and on the Non-Callable Prior Bonds on their maturity date of October 1, 2012, as specified in Exhibit “A”.

SECTION 2. The Escrow Agent shall apply the moneys on deposit in the Escrow Fund to purchase the Government Obligations specified in Exhibit “B” and shall hold \$_____ uninvested. The Escrow Agent shall withdraw from the Escrow Fund not later than _____, 2003, the amounts necessary to pay, and use the amounts so withdrawn to pay, the principal, interest and redemption premium to become due on the Callable Prior Bonds on _____, 2003. The Escrow Agent shall withdraw from the Escrow Fund not later than _____, 2012, the amounts necessary to pay, and use the amounts so withdrawn to pay, the principal and interest to become due on the Non-Callable Prior Bonds on October 1, 2012. If, for any reason, the amounts on deposit in the Escrow Fund are insufficient to pay the principal of, interest on, and

redemption premium on the Prior Bonds on the dates specified above, the Town covenants and agrees to immediately deposit with the Escrow Agent the balance needed for such purposes.

SECTION 3. The Escrow Agent may not reinvest the moneys in the Escrow Fund or substitute the Government Obligations specified in Exhibit “B” hereto.

SECTION 4. The trust created hereby shall be irrevocable. The owners of the Prior Bonds shall have an express lien on all moneys and the principal of and interest due or to become due on the Government Obligations on deposit in the Escrow Fund until the same are used and applied in accordance with this Agreement.

SECTION 5. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Agreement. The liability of the Escrow Agent for the payment of the principal or redemption price of and interest to become due on the Prior Bonds shall be limited to the amounts deposited pursuant to this Agreement and the earnings thereon when invested in accordance with this Agreement. The Escrow Agent shall have no lien whatsoever upon any of the moneys in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

The Escrow Agent shall be paid by the Town all reasonable compensation for all services rendered by the Escrow Agent under this Agreement or any amendment hereto, and also all reasonable expenses, charges, fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties hereunder, including any costs, expenses and liabilities incurred in carrying out its duties hereunder including, but not limited to, any attempt to pursue any remedy hereunder. The Town further agrees to pay, and to the extent permitted by law, to indemnify and save the Escrow Agent harmless against, any costs, expenses, reasonable attorneys’ fees, losses and liabilities which it may incur in the exercise and performance of its powers and duties under this Agreement or any amendment hereto, and which are not due to the Escrow Agent’s gross negligence, willful misconduct or default, except to the extent they have already been paid to the Escrow Agent or provision for the payment thereof, satisfactory to the Escrow Agent, has already been made. The indemnification of the Escrow Agent provided for in the preceding sentence shall survive termination of this Agreement pursuant to Section 8 hereof.

The Escrow Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Agreement, shall examine such instrument to determine whether on its face it conforms to the requirements of this Agreement and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may consult with counsel, who may or may not be counsel to the Town, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Agreement in good faith and in accordance therewith.

SECTION 6. The Escrow Agent is hereby irrevocably instructed to, and hereby agrees to, redeem the Callable Prior Bonds on _____, 2003 and to pay at their maturity the Non-Callable Prior Bonds on October 1, 2012. The Town hereby irrevocably agrees to send notice of redemption to the owners of the outstanding Callable Prior Bonds as required by the Indenture in order to redeem the Prior Bonds on _____, 2003, and to give notice to the owners of the Non-Callable Prior Bonds that their bonds have been defeased, all in the form attached as Exhibit "C".

SECTION 7. This Agreement is made for the benefit of the Town and the holders from time to time of the Prior Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and the Town; provided, however, that the Town and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a.) to cure any ambiguity or formal defect or omission in this Agreement;
- (b.) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Prior Bonds, any additional rights, remedies, powers or Town that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c.) to include under this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent that any instrument executed in accordance with this Agreement complies with the conditions and provisions of this Section.

SECTION 8. After all transfers and payments required to be made by the Escrow Agent and the Town under the provisions hereof shall have been made, the balance of moneys, if any, remaining in the Escrow Fund shall be returned to the Town, whereupon this Agreement shall terminate.

SECTION 9. The Escrow Fund shall be and constitute a trust fund for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the Town and the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 10. If any one or more of the covenants or agreements provided in this Agreement on the part of the Town or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or Agreement shall be

deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 11. All the covenants, promises and agreements in this Agreement contained by or on behalf of the Town or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 12. This Agreement shall be governed by the applicable law of the State of Florida.

SECTION 13. This Agreement may be executed in several counterparts, all or any one of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

[SEAL]

TOWN OF DAVIE, FLORIDA

By: _____
Tom Truex, Mayor

ATTEST:

By: _____, Secretary

(SEAL)

_____, as Escrow Agent

By: _____
Name: _____
Title: _____

**ESCROW DEPOSIT AGREEMENT
SIGNATURE PAGE**

EXHIBIT “A”

**ESCROW REQUIREMENT
FOR PRIOR BONDS OUTSTANDING**

<u>Principal to be Defeased</u>	<u>Call Premium</u>	<u>Accrued Interest</u>	<u>Total Requirement</u>

EXHIBIT “B”

GOVERNMENT OBLIGATIONS

<u>Type of Security</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Interest Due on _____</u>
SLG					

Total receipts on Government Obligations on _____, 2003:

EXHIBIT “C”

NOTICE OF REDEMPTION AND DEFEASANCE

**\$38,655,000 TOWN OF DAVIE, FLORIDA
WATER AND SEWER IMPROVEMENT AND REFUNDING
REVENUE BONDS, SERIES 1992
DATED NOVEMBER 1, 1992**

NOTICE IS HEREBY GIVEN pursuant to Article III of Resolution No. 92-236, adopted by the Town Council of the Town of Davie, Florida (the “Town”) on October 21, 1992, as supplemented (the “Refunded Bonds Resolution”), that moneys to pay the principal of, interest on and applicable premium on the above-captioned series of bonds (collectively, the “Bonds”) on the redemption or maturity dates specified below, have been deposited with the Escrow Agent in irrevocable escrow of cash and U.S. Treasury obligations.

NOTICE IS HEREBY FURTHER GIVEN that (i) the Bonds maturing on or after October 1, 2003 (other than the Bonds maturing on October 1, 2012) will be redeemed on _____, 2003 at the redemption prices of the principal amount of each Bond to be redeemed, together with the applicable redemption premium of ____%, plus interest accrued to the dates, as indicated in the table below, and (ii) the Bonds maturing on October 1, 2012 have been defeased to their maturity date, as indicated in the table below:

The Bonds to be redeemed and defeased are:

All Bonds Except Bonds Maturing on October 1, 2012

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Premium</u>	<u>CUSIP No.</u>
			1%	

Bonds Maturing on October 1, 2012

<u>Maturity</u>	<u>Redemption Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Premium</u>	<u>CUSIP No.</u>
10-01-2012		\$7,935,000	6.375 %	None	

Payment of the redemption price, including redemption premium and interest, of such Bonds will be made on or after such redemption date at the office of _____, the Escrow Agent for the Bonds, upon surrender thereof. Interest on such Bonds will cease to accrue from and after such redemption date.

The Bonds should be presented at the office of the Escrow Agent as follows:

<u>By Mail</u>	<u>By Hand</u>

Dated this ____ day of _____, 2003.

TOWN OF DAVIE, FLORIDA, as Escrow Agent

By: _____
William F. Underwood, II, Finance Director

NOTICE

Withholding of 31% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Escrow Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

The Town and Escrow Agent shall not be responsible for the use of the CUSIP numbers, nor is any representation made as to their correctness in this notice or as printed on any Bond. They are included solely for the convenience of the holders.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2003

NEW ISSUE-Book-Entry Only	RATINGS: Moodys: “ ”
	Standard & Poor’s: “ ” (AMBAC Insured)

In the opinion of Bond Counsel, assuming continuing compliance by the Town with certain tax covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2003 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations under the Internal Revenue Code of 1986, as amended (the “Code”). See “TAX EXEMPTION” for a description of certain provisions of the Code that may affect the federal tax treatment of interest on the Series 2003 Bonds for certain owners thereof. Bond Counsel is further of the opinion that the Series 2003 Bonds and the interest thereon are exempt from all present intangible personal property taxes imposed pursuant to Chapter 199, Florida Statutes.

\$ _____
**TOWN OF DAVIE, FLORIDA
WATER AND SEWER REVENUE
REFUNDING BONDS, SERIES 2003**

Dated: Date of Issuance	Due: October 1, as shown
	on inside front cover

The Town of Davie, Florida (the “Town”) is issuing its \$ _____* Water and Sewer Revenue Refunding Bonds, Series 2003 (the “Series 2003 Bonds”) for the purpose of providing funds, together with other legally available funds of the Town, to (i) refund and defease the outstanding amount of the Town’s \$38,665,000 Water and Sewer Improvement and Refunding Revenue Bonds, Series 1992 (the “Prior Bonds”); and (ii) pay costs of issuance of the Series 2003 Bonds, including premiums for a municipal bond insurance policy and a debt service reserve account surety bond to be deposited in the Reserve Account. See “PURPOSE OF THE SERIES 2003 BONDS” AND “ESTIMATED SOURCES AND USES OF PROCEEDS” herein.

Interest on the Series 2003 Bonds will be payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2004. The Series 2003 Bonds are issuable as fully registered bonds in the minimum denominations of \$5,000 principal amount or any integral multiple thereof.

The Series 2003 Bonds will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, (“DTC”). Purchasers of the Series 2003 Bonds (the “Beneficial Owners”) will not receive physical delivery of the Series 2003 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payment of the principal of and interest on the Series 2003 Bonds will be made directly to such registered owner which will, in turn, remit such payments to DTC Participants (as defined herein) and Indirect Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See “THE SERIES 2003 BONDS – Book-Entry Only System” herein.

The Series 2003 Bonds are subject to redemption prior to maturity as described herein.

The Series 2003 Bonds are payable solely from and are secured by a first lien upon and pledge of the Net Revenue derived by the Town from the operation of its Water and Sewer System and proceeds of the Contribution Charges received by the Town in connection with the System, all as more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS” herein.

Payment of the principal of and interest on the Series 2003 Bonds when due will be insured by a municipal bond insurance policy to be issued by AMBAC Assurance Corporation concurrently with the issuance of the Series 2003 Bonds.

AMBAC LOGO HERE

THE SERIES 2003 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE TOWN OR BROWARD COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION. NO HOLDER OF THE SERIES 2003 BONDS SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE LEVY OF AD VALOREM TAXES FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2003 BONDS OR FOR THE MAKING OF ANY SINKING

*Preliminary; subject to change.

FUND OR OTHER PAYMENT PROVIDED FOR IN THE BOND RESOLUTION PURSUANT TO WHICH THE SERIES 2003 BONDS WILL BE ISSUED.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2003 Bonds are offered when, as and if issued by the Town, subject to prior sale, withdrawal or modification of the offer without any notice, to certain conditions, and to the approving legal opinion of Adorno & Yoss, P.A., Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Ruden, McClosky, Smith, Schuster & Russell, P.A., Fort Lauderdale, Florida, and for the Town by Monroe Kiar, Esq., Town Attorney, and Adorno & Yoss, P.A., Miami, Florida, as Disclosure Counsel. Public Financial Management, Inc., Orlando, Florida, is acting as Financial Advisor to the Town. It is expected that the Series 2003 Bonds will be available for delivery in book-entry form through the facilities of DTC in New York, New York on or about _____, 2003.

**SUNTRUST CAPITAL MARKETS
CITIGROUP**

Dated: _____, 2003

[INSIDE COVER PAGE]

MATURITY SCHEDULE*

\$ _____ Serial Bonds

<u>Maturity Date (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP No.</u>

\$ _____ % Term Bonds Due October 1, ____ Yield __%, CUSIP: _____

\$ _____ % Term Bonds Due October 1, ____ Yield __%, CUSIP: _____

*Preliminary; subject to change.

TOWN OF DAVIE, FLORIDA

MAYOR/COUNCIL MEMBER

Tom Truex

COUNCIL MEMBERS

Lisa Hubert

Susan Starkey

Judy Paul

Michael Crowley

TOWN ADMINISTRATOR

Thomas J. Willi

FINANCE DIRECTOR

William F. Underwood, II

UTILITIES DIRECTOR

Daniel Colabella

TOWN ATTORNEY

Monroe Kiar, Esq.

BOND COUNSEL AND DISCLOSURE COUNSEL

Adorno & Yoss, P.A.

Miami, Florida

AUDITORS

Rachlin, Cohen & Holtz LLP, Certified Public Accountants

Coral Gables, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.

Orlando, Florida

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE TOWN OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE SERIES 2003 BONDS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2003 BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE TOWN AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE UNDERWRITERS OR, AS TO INFORMATION FROM OTHER SOURCES, THE TOWN. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE TOWN SINCE THE DATE HEREOF OR THE EARLIEST DATE AS OF WHICH SUCH INFORMATION IS GIVEN.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2003 BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2003 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR ANY STATE SECURITIES LAW NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TOWN AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR RECOMMENDED THE SERIES 2003 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE TOWN FOR PURPOSES OF RULE 15C2-12 ISSUED UNDER THE SECURITIES ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15C2-12(B)(1).

[Remainder of this page intentionally left blank]

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APPENDIX A	GENERAL INFORMATION REGARDING THE TOWN OF DAVIE, FLORIDA
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OFFICIAL STATEMENT

TOWN OF DAVIE, FLORIDA

\$ _____ *

WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2003

Introduction

This Official Statement, including the cover page and the Appendices hereto, is furnished in connection with the offering by the Town of Davie, Florida (the "Town") of its \$ _____ * Water and Sewer Revenue Refunding Bonds, Series 2003 (the "Series 2003 Bonds"). The Series 2003 Bonds are being issued pursuant to the authority of Chapter 166, Part II, Florida Statutes, as amended, a resolution adopted by the Town Council on _____, 2003, as amended and supplemented (the "Bond Resolution") and other applicable provisions of law. The Series 2003 Bonds are payable solely from and are secured by a first lien upon and pledge of the Net Revenue derived by the Town from the operation of its Water and Sewer System (the "System") and proceeds of the Contribution Charges received by the Town in connection with the System as further described herein (collectively, the "Pledged Revenue"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS - Pledged Revenue" herein.

THE SERIES 2003 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE TOWN OR BROWARD COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION. NO HOLDER OF THE SERIES 2003 BONDS SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE LEVY OF AD VALOREM TAXES FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2003 BONDS OR FOR THE MAKING OF ANY SINKING FUND OR OTHER PAYMENT PROVIDED FOR IN THE BOND RESOLUTION.

The Town has previously issued its \$38,665,000 Water and Sewer Improvement and Refunding Revenue Refunding Bonds, Series 1992 (the "Prior Bonds"), currently outstanding in the principal amount of \$29,840,000. The Prior Bonds are secured by a lien on the Pledged Revenue and certain other sources.

Proceeds of the Series 2003 Bonds, together with other legally available funds of the Town, will be used to (i) refund and defease the outstanding amount of the Prior Bonds; and (ii) pay costs of issuance of the Series 2003 Bonds, including premiums for a municipal bond insurance policy and a debt service reserve account surety bond to be deposited in the Reserve Account. See "PURPOSE OF THE SERIES 2003 BONDS" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and any continuing disclosure documents of the Town are intended to be made available prior to the issuance and sale of the Series 2003 Bonds through SunTrust Capital Markets, 200 S. Orange Avenue, Orlando, Florida, 32801, 407-237-6811 and, thereafter, through the Finance Director, Town of Davie, Florida, 6591 Southwest 45th Street, Davie, Florida 33314-3399, 954-797-1050.

*Preliminary; subject to change.

This Official Statement contains descriptions of, among other matters, the Series 2003 Bonds, the Bond Resolution and the Town. Such descriptions and information do not purport to be comprehensive or definitive. The Bond Resolution is included as **Appendix C** of this Official Statement. The definitions of certain capitalized words and terms used in this Official Statement but not otherwise defined herein have the meanings set forth in **Appendix C**. All references herein to the Bond Resolution and related documents are qualified in their entirety by reference to such documents, and reference herein to the Series 2003 Bonds are qualified in their entirety by reference to the form thereof included in the Bond Resolution. This Official Statement also includes general information about the Town, attached as **Appendix A**.

PURPOSE OF THE SERIES 2003 BONDS

General

As described below under the caption “The Refunding Plan”, proceeds of the Series 2003 Bonds will be used to refund and defease the outstanding Prior Bonds in order to effect an overall economic benefit and debt service savings to the Town. In addition, proceeds of the Series 2003 Bonds will be applied to pay costs of issuance of the Series 2003 Bonds, including premiums for a municipal bond insurance policy and a debt service reserve account surety bond to be deposited in the Reserve Account. See “ESTIMATED SOURCES AND USES OF PROCEEDS” herein.

The Refunding Plan

Concurrently with the delivery of the Series 2003 Bonds, proceeds thereof, together with other legally available funds of the Town, will be deposited into an Escrow Account created pursuant to an Escrow Deposit Agreement relating to the Prior Bonds and entered into between the Town and _____ (the “Escrow Agent”). The moneys deposited pursuant to the Escrow Deposit Agreement will be applied to the purchase of noncallable direct obligations of the United States of America so as to produce sufficient funds to pay the principal of, interest and premium at redemption, if any, on the Prior Bonds (other than the Prior Bonds maturing on October 1, 2012) on ____, 2003 and on the Prior Bonds maturing on October 1, 2012 on their maturity date of October 1, 2012. Upon the deposit of such money, the Prior Bonds will be deemed defeased and no longer outstanding for purposes of the resolutions pursuant to which they were issued or incurred and the holders of the Prior Bonds will be entitled to payment solely out of the moneys or securities deposited pursuant to the Escrow Deposit Agreement. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

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ESTIMATED SOURCES AND USES OF PROCEEDS

It is estimated that the proceeds to be received from the sale of the Series 2003 Bonds will be applied as follows:

Sources	
Principal amount of Series 2003 Bonds	\$
Net Original Issue Discount or Premium	
Transfer from Prior Bonds	
Other Available Funds of the Town	
Total Sources:	
Uses	
Deposit to Escrow Account	\$
Underwriters' Discount	
Costs of Issuance ⁽¹⁾	
Total Uses:	

⁽¹⁾ Includes municipal bond insurance policy premium, surety bond premium, legal fees, financial advisor fees and printing charges.

DESCRIPTION OF THE SERIES 2003 BONDS

General

The Series 2003 Bonds will be dated their date of issuance, will be issued in denominations of \$5,000 or integral multiples thereof, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement.

Interest on the Series 2003 Bonds is payable on April 1, 2004 and on each April 1 and October 1 thereafter until maturity. Except as otherwise provided when the Series 2003 Bonds are held in book-entry form, the principal of, and premium, if any, on the Series 2003 Bonds will be payable upon presentation and surrender at the principal corporate trust office of _____ (the "Paying Agent" and the "Bond Registrar").

Redemption Provisions

Optional Redemption. The Series 2003 Bonds maturing on or after October 1, _____ may be redeemed prior to their stated maturities, at the option of the Town, from any monies legally available therefor, upon notice as provided in the Bond Resolution, in whole on any date on or after October 1, _____ or in part within a maturity, on October 1, _____ or on any April 1 or October 1 thereafter (if in part, the maturities and the principal amounts to be redeemed to be determined by the Town in accordance with the Bond Resolution), at the redemption price (expressed as a percentage of the principal amount to be redeemed) together with accrued interest to the redemption date, set forth below:

Redemption Period (Dates inclusive)	Redemption Price
October 1, _____ and thereafter	

Mandatory Redemption. The Series 2003 Bonds maturing on October 1, _____, are subject to redemption prior to their stated maturity by operation of the Redemption Fund established under the Bond Resolution, on the dates and in the principal amounts shown below, at a redemption price equal to one hundred percent of the principal amount of the Series 2003 Bonds to be redeemed on the redemption date together with accrued interest to the redemption date.

<u>October 1,</u>	<u>Principal Amount</u>

*Final maturity

Notice of Redemption

The Town must comply with the redemption notice provisions set forth in the Bond Resolution, as more fully set forth in **Appendix C** hereto. The privilege of transfer or exchange of any of the Series 2003 Bonds selected for redemption will be suspended, as provided in the Bond Resolution.

Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC’S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE TOWN BELIEVES TO BE RELIABLE, BUT THE TOWN DOES NOT TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2003 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2003 Bond will be issued for each maturity of each series of the Series 2003 Bonds, as set forth on the inside cover page hereof, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct

Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

So long as the book-entry only system is in effect, beneficial interests in the Series 2003 Bonds will be available in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2003 Bonds will not receive certificates representing their beneficial interests in the Series 2003 Bonds purchased. The Underwriters are to confirm original issuance purchases of beneficial interests with statements containing certain terms of the Series 2003 Bonds in which such beneficial interests are purchased.

Purchases of Series 2003 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of Series 2003 Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2003 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2003 Bonds, except in the event that use of the book-entry system for the Series 2003 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2003 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2003 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2003 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2003 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2003 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2003 Bonds, such as redemptions, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2003 Bonds may wish to ascertain that the nominee holding the

Series 2003 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

The Town and/or the Paying Agent will make payments of principal of, premium, if any, and interest on the Series 2003 Bonds to DTC or such other nominee, as may be requested by an authorized representative of DTC, as registered owner of the Series 2003 Bonds. Redemption proceeds, distributions, and dividend payments on the Series 2003 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town and/or the Paying Agent, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Town and/or the Paying Agent will send redemption notices to DTC. If less than all of the Series 2003 Bonds within a maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2003 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2003 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

THE TOWN AND THE PAYING AGENT WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, DTC PARTICIPANTS OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE SERIES 2003 BONDS FOR THE ACCURACY OF RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO THE SERIES 2003 BONDS OR THE PROVIDING OF NOTICE OR PAYMENT OF PRINCIPAL, OR INTEREST, OR ANY PREMIUM ON THE SERIES 2003 BONDS, TO DTC PARTICIPANTS OR BENEFICIAL OWNERS, OR THE SELECTION OF SERIES 2003 BONDS FOR REDEMPTION.

The Town and the Paying Agent cannot give any assurances that DTC, DTC Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2003 Bonds paid to DTC or its nominee, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Official Statement.

For every transfer and exchange of beneficial interests in the Series 2003 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the Series 2003 Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, Series 2003 Bonds are required to be printed and delivered. In addition, the Town may decide to discontinue use of the system of book-entry transfers through DTC (or any successor securities depository). In that event, Series 2003 Bonds will be printed and delivered.

SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2003 BONDS

Pledged Revenue

The Town owns and operates the water treatment, transmission and distribution system and a wastewater collection facility which are more fully described herein under the caption “THE WATER AND SEWER SYSTEM” and are referred to herein as the “Water and Sewer System” or the “System”. The Series 2003 Bonds and any Additional Bonds and Refunding Bonds which may hereafter be outstanding under the Bond Resolution are payable solely from and are secured equally and ratably under the Bond Resolution by a first lien upon and a pledge of the Net Revenue derived by the Town from operation of the System and proceeds of the Contribution Charges received by the Town in connection with the System, as more fully described below.

Net Revenue

The Bond Resolution defines “Net Revenue” of the System as “Gross Revenue” less “Operating Expenses”. The Bond Resolution defines “Gross Revenue” as all fees, rentals, charges and other income, including investment income from monies held on deposit in any of the Funds or Accounts created under the Bond Resolution, received by or accrued to the Town in connection with or as a result of its ownership and operation of the System, including Installation Fees, all as calculated in accordance with the method of accounting used in the official annual financial statement of the Town. Gross Revenue does not include (a) receipts and revenue derived from the imposition of an ad valorem tax or any other tax the Town is authorized, from time to time, to levy pursuant to applicable law, including any investment income earned thereon or on funds held in the Rebate Fund; (b) proceeds of Special Assessments or Contribution Charges; and (C) any grants, contributions or donations, including investment interest thereon. The Bond Resolution defines “Operating Expenses”, in part, as the Town’s expenses for operation, maintenance, repair and replacements with respect to the System. The definitions of “Net Revenue”, “Gross Revenue” and “Operating Expenses” are more fully set forth in **Appendix C** hereto.

The Town covenants in the Bond Resolution to diligently enforce and collect all fees and charges imposed for the services of the System. All moneys collected by the Town as Gross Revenue are required by the Bond Resolution to be deposited, as received, in the Water and Sewer System Gross Revenue Fund created under the Bond Resolution and held in the custody of the Town, to be applied by an Authorized Officer in accordance with the Bond Resolution to applicable accounts and funds for payment of Operating Expenses and principal, interest and redemption premium, if any, on Outstanding Bonds, among other purposes.

Contribution Charges

The Bond Resolution defines the term “Contribution Charges” as charges imposed by the Town on users of the System, including developers and large users, who connect to the System or reserve capacity in the System. The Bond Resolution further provides that such “Contribution Charges” represent a pro rata

share of the costs of the System attributable to the increased demand that additional connections made by users of the System create upon the System, net of any refunds to such users in accordance with applicable developer or use agreements. "Contribution Charges" include "Capacity Reservation Fees", "Connection Charges", "Service Availability Charges". "Contributions-in-Aid-Of-Construction" and other like charges. Contribution Charges do not include Installation Fees. The Town has covenanted in the Bond Resolution to proceed diligently to enforce and collect Contribution Charges and to exercise all legally available remedies to enforce such collections available under Florida law.

All moneys collected by the Town as Contribution Charges are required to be deposited monthly into the Contribution Charges Fund created under the Bond Resolution and held in the custody of the Town. These moneys are required by the Bond Resolution to be applied by the Town in the following manner and order of priority: (a) to pay the principal of, redemption premium, if any, Amortization Requirements and interest on Bonds issued under the Bond Resolution to finance the Cost of Improvements in connection with which the Contribution Charges were imposed by the Town; then (b) to pay the Cost of Improvements in connection with which the Contribution Charges were imposed by the Town; and then (c) to be used for any other lawful purpose relating to the System in connection with which the Contribution Charges were imposed by the Town; provided, however, that in the event of any deficiencies in any Funds or Accounts created by the Bond Resolution, the money in the Contribution Charges Fund must be applied to make up all such deficiencies prior to applying any money in the Reserve Account, Rate Stabilization Fund or Renewal and Replacement Fund for such purpose or applying any money in the Contribution Charges Fund for any other purpose. In the event the Town uses such monies in accordance with (a) above, an Authorized Officer shall, on the 25th day of the month, deposit such monies in the Debt Service Account or Redemption Fund or any combination thereof, to be applied to pay debt service on Bonds.

THE SERIES 2003 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE TOWN OR BROWARD COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION. NO HOLDER OF THE SERIES 2003 BONDS SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE LEVY OF AD VALOREM TAXES FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2003 BONDS OR FOR THE MAKING OF ANY SINKING FUND OR OTHER PAYMENT PROVIDED FOR IN THE BOND RESOLUTION.

Rate Covenant

The Town has covenanted in the Bond Resolution:

(a) that it will continue in effect the present rates, fees and other charges, including Contribution Charges, for the use of the System and the services furnished by the System until the same shall be revised as hereinafter provided,

(b) that it will not change, revise or reduce any such rates, fees, rentals and other charges if, in the opinion of the Consulting Engineers or Rate Consultant, such change, revision or reduction will result in producing less Pledged Revenue unless, in the opinion of the Consulting Engineers or Rate Consultant, such rates, fees, rentals and other charges as so changed, revised or reduced will produce sufficient Pledged Revenue to comply with subsection (c) below, and

(c) that, subject to the foregoing, from time to time and as often as it shall appear necessary, it will request the Consulting Engineers or Rate Consultant to make recommendations as to a revision of the rates, fees, and other charges, including Contribution Charges, for the use of the System and for the services furnished by the System and will file a copy of such request with the Finance Director, and upon receiving such recommendations it will make such revisions as may be necessary or proper in order that Pledged Revenue will at all times be sufficient in each Fiscal Year to provide an amount at least equal to the sum of 110% of the Principal and Interest Requirements for the current Fiscal Year and 100% of the Reserve Account Deposit Requirement for the current Fiscal Year.

The deposit to the credit of the Sinking Fund and Redemption Fund in any Fiscal Year of an amount in excess of the amounts required under the Bond Resolution for such Fiscal Year shall be taken into account in adjusting the rates, fees, rentals and other charges for any subsequent Fiscal Years. Any deficiency in the amounts deposited to the credit of the Sinking Fund, Redemption Fund or Renewal and Replacement Fund in any Fiscal Year shall, as promptly as may be practicable, be added to the amounts referred to above for the remaining Fiscal Years in adjusting such rates, fees, rentals and other charges, the amount so to be added in each of such subsequent Fiscal Years to be approved by the Consulting Engineers or Rate Consultant.

The Town further covenants in the Bond Resolution that if at any time the total amount of Pledged Revenue realized in any Fiscal Year shall be less than the amounts referred to above for such Fiscal Year, it will, before the 45th day of the following Fiscal Year, request the Consulting Engineers or Rate Consultant to make their recommendations as to a revision of the rates, fees, rentals and other charges, including Contribution Charges, and any changes in methods of operation. The copies of such request and of the recommendations of the Consulting Engineers or Rate Consultant shall be filed with the Finance Director.

Anything in the Bond Resolution to the contrary notwithstanding, if the Town shall comply with all recommendations of the Consulting Engineers or Rate Consultant in respect of rates, fees, rentals and other charges, the failure to meet the requirements of clause (c) above in any Fiscal Year will not constitute an event of default under the provisions of the Bond Resolution if Pledged Revenue is sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds payable in such Fiscal Year.

Notwithstanding any of the foregoing provisions, agreements and contracts for the use of the System or any services of the System in effect on the date of the enactment of the Bond Resolution shall not be subject to revisions except in accordance with their terms, and the Town may enter into new agreements or contracts for the use of the System on such terms and for such periods of time as it shall determine to be proper.

The rate covenant is not applicable to any principal and interest requirement attributable to any notes issued in anticipation of Bonds to be issued under the Bond Resolution unless such notes are issued as Additional Bonds under the Bond Resolution.

Covenants of the Town Relating to its Water and Sewer System

Covenants of the Town relating to its Water and Sewer System other than the rate covenant described above are set forth in the Bond Resolution, a copy of which is annexed hereto as **Appendix C**.

Reserve Account

The Bond Resolution provides for the establishment and maintenance of a Reserve Account and requires that the Reserve Account have on deposit therein an amount equal to the Reserve Account Requirement. The Bond Resolution additionally provides that the Town may purchase a Reserve Account Credit Facility in order to satisfy, in whole or in part, its obligations to fund the Reserve Account. See “**Appendix C** - The Bond Resolution” herein.

The Bond Resolution requires that monies held for the credit of the Reserve Account shall be used for the purpose of paying the interest on and the principal and Amortization Requirements of the Bonds whenever and to the extent that the monies held for the credit of the Debt Service Account and Redemption Fund (after any transfers thereto from the Rate Stabilization Fund) are insufficient for such purpose and there are no monies held for the credit of the Surplus Fund that are available for transfer to the Debt Service Account and Redemption Fund for such purpose. If at any time the monies held for the credit of the Reserve Account shall exceed the Reserve Account Requirement, such excess shall be withdrawn by an Authorized Officer and deposited to the credit of the Gross Revenue Fund.

In the event the Town establishes separate subaccounts in the Reserve Account for each Series of Bonds Outstanding or provides for a Reserve Account Credit Facility in lieu of the required deposits to the Reserve Account as provided in the Bond Resolution, then in every such case, withdrawals from the Reserve Account shall be from the subaccount established for the respective Bonds for which the withdrawal is required, or if no priority is specified between Bonds, then on a pro rata basis; provided that all money in the applicable subaccount shall be depleted prior to drawing on a Reserve Account Credit Facility relating to that subaccount.

Whenever a withdrawal therefrom results in a deficiency in the Reserve Account, or a deficiency in the Reserve Account is determined to exist upon valuation of same, the Town may make up such deficiency by making twelve successive monthly cash payments to the credit of the Reserve Account, each equal to one-twelfth of such deficiency, commencing in the month following the event that caused the deficiency. Whenever monies on deposit in the Reserve Account, together with the other available amounts in the Sinking Fund, are sufficient to fully pay in accordance with their terms, all Outstanding Bonds (including principal, premium, if any, and interest thereon), the funds on deposit in the Reserve Account shall be applied to the payment of Bonds as and when due and fully payable, at their maturities or the earlier redemption thereof.

If fifteen days prior to an Interest Payment Date or principal payment date, an Authorized Officer shall determine that a deficiency exists in the amount of monies available to pay interest and/or principal due on the Bonds on such date, an Authorized Officer shall immediately notify the issuer of the applicable Reserve Account Credit Facility, and the Credit Provider, if any, of the amount of such deficiency and the date on which such payment is due, and shall take all action to cause such issuer or Credit Provider to provide monies sufficient to pay all amounts due on such Interest Payment Date or principal payment date.

If a disbursement is made from a Reserve Account Credit Facility provided pursuant to the Bond Resolution, the Bond Resolution requires the Town to cause the maximum limits of such Reserve Account Credit Facility to be reinstated as soon as it is able following such disbursement, from monies available under the Bond Resolution, and prior to funding any cash requirement of the Reserve Account (other than subaccounts therein having priority over the subaccount relating to the Reserve Account Credit Facility) by depositing funds in the amount of the disbursement made under such instrument, with

the issuer thereof, together with interest thereon to the date of reimbursement at the rate set forth in such Reserve Account Credit Facility, but in no case greater than the maximum rate of interest permitted by law. In addition, the Town must reimburse the issuer of the Reserve Account Credit Facility for all reasonable expenses incurred by such issuer and required to be reimbursed by the terms of the Reserve Account Credit Facility.

The Town may evidence its obligation to reimburse the issuer of any Reserve Account Credit Facility by executing and delivering to such issuer a promissory note therefor, provided, however, that any such note shall not be a general obligation of the Town the payment of which is secured by its full faith and credit or taxing power, and shall be payable solely from the Pledged Revenue in the manner provided herein.

If any Reserve Account Credit Facility shall terminate prior to the stated expiration date thereof, the Town agrees in the Bond Resolution that it shall fund the Reserve Account over a period not to exceed sixty months during which it shall make consecutive equal monthly payments for the credit of the Reserve Account (or applicable subaccount therein) in order that the amount on deposit in such account at the end of such period shall be equal to the Reserve Account Requirement; provided the Town may, with the prior written consent of the Credit Provider, if any, obtain a new Reserve Account Credit Facility in lieu of making the payments required by this paragraph.

Concurrently with the issuance of the Series 2003 Bonds, the Town will deposit to the Reserve Account a Reserve Account Credit Facility in the form of a Surety Bond (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac Assurance") in an amount equal the Reserve Account Requirement for the Series 2003 Bonds. See **"MUNICIPAL BOND INSURANCE – Surety Bond For the Reserve Fund"** for a description of the Surety Bond.

Rate Stabilization Fund

The Bond Resolution provides for the establishment and maintenance of a Rate Stabilization Fund. Concurrently with the issuance of the Series 2003 Bonds, the Town will deposit \$_____ to the Rate Stabilization Fund. The Town expects to use the initial deposit in equal annual amounts of \$_____ per Fiscal Year, beginning in Fiscal Year _____, to fund Operating Expenses.

Except as provided in the preceding paragraph, moneys held for the credit of the Rate Stabilization Fund shall be disbursed, upon the written direction of the Finance Director, for transfer to the Gross Revenue Fund, at such times and in such amounts as the Finance Director shall determine, and may be used to pay Current Expenses and for the following additional purposes. If any time the moneys held for the credit of the Debt Service Account and Reserve Account shall be insufficient for the purpose of paying the interest on and the principal and Amortization Requirements of the Bonds as such interest, principal and Amortization Requirements become due and payable, then an Authorized Officer shall withdraw from any moneys held for the credit of the Rate Stabilization Fund and deposit to the credit of the Debt Service Account an amount sufficient to make up any such deficiency.

If at any time the Pledged Revenue and the moneys held for the credit of the Reserve Account shall be insufficient for making the deposits to the credit of the Redemption Fund required by the Bond Resolution, then an Authorized Officer shall withdraw from any moneys held for the credit of the Rate Stabilization Fund and deposit to the credit of the Redemption Fund an amount sufficient to make up any such deficiency; provided, however, that no such transfer shall be made unless the moneys then held for the credit of Debt Service Account are at least equal to the maximum amounts required under the Bond Resolution.

Renewal and Replacement Fund

The Bond Resolution provides for the establishment and maintenance of a Renewal and Replacement Fund. The Town shall determine the amount required to be on deposit in the Renewal and Replacement Fund concurrently with the issuance of each series of Bonds. Such amount may be modified upon the recommendations of the Consulting Engineers or Rate Consultant. Concurrently with the issuance of the Series 2003 Bonds, the Town will deposit \$285,000 to the Renewal and Replacement Fund. Pursuant to the Bond Resolution, money held for the credit of the Renewal and Replacement Fund shall be disbursed only for the purpose of paying the cost of unusual or extraordinary maintenance or repairs to the System, the cost of renewals and replacements to the System and the cost of acquiring, installing or replacing equipment of the System and engineering, legal and administrative expenses relating to the foregoing and the cost of providing a local share of monies required to entitle the Town to receive federal or state grants or participate in federal or state assistance programs related to the System; provided, however, money in the Renewal and Replacement Fund, unless needed for the purposes previously set forth, may be used in the event of an emergency occurrence certified as such by the Consulting Engineers or Rate Consultant, if there is insufficient money in the Surplus Fund and Gross Revenue Fund to rectify said emergency.

If at any time the monies held for the credit of the Debt Service Account, Redemption Fund, Surplus Fund, Rate Stabilization Fund and Reserve Account shall be insufficient for the purpose of paying the interest on and the principal and Amortization Requirements of the Bonds as such interest and principal and Amortization Requirements become due and payable, then an Authorized Officer shall withdraw from any monies held for the credit of the Renewal and Replacement Fund and deposit to the credit of the Debt Service Account and Redemption Fund an amount sufficient to make up any such deficiency. Any monies so withdrawn from the Renewal and Replacement Fund and deposited to the credit of the Debt Service Account or the Redemption Fund shall be restored from available monies in the Gross Revenue Fund, subject to the same conditions as are prescribed for deposits to the credit of the Renewal and Replacement Fund under the provisions of the Bond Resolution.

The Consulting Engineers or Rate Consultant may, from time to time, recommend to the Town that it increase or decrease the minimum amount to be maintained on deposit in the Renewal and Replacement Fund. The Town may, in the event of a recommended decrease, transfer any excess from the Renewal and Replacement Fund to the Gross Revenue Fund for application as provided in the Bond Resolution. If the recommendation is to increase the minimum amount required to be maintained on deposit in the Renewal and Replacement Fund, the same shall be accomplished according to a schedule of monthly deposits to be made to the Renewal and Replacement Fund recommended by the Consulting Engineers.

Surplus Fund

The Bond Resolution establishes a Surplus Fund. The Town may apply money held for the credit of the Surplus Fund in the following order of priority: (a) to make up deficiencies in any Fund or Account, and (b) to pay the principal of, redemption premium, if any, or Amortization Requirements, and the interest on any Subordinated Obligation. Subject to such prior application, monies in the Surplus Fund may be applied by the Town to: (i) pay the Cost of a Project, (ii) purchase or redeem Bonds or any notes issued in anticipation of the Bonds, (iii) pay the Cost of an item qualifying as an authorized expenditure from the Renewal and Replacement Fund, or (iv) for any other lawful purpose of the Town expressly related to the System.

Notwithstanding the foregoing, in the event of any deficiencies in any Funds or Accounts or Rebate Fund created by the Bond Resolution, the money in the Surplus Fund shall be applied to make up all such

deficiencies prior to applying any money in the Reserve Account, Renewal and Replacement Fund, Rate Stabilization Fund or Contribution Charges Fund for such purpose.

Additional Parity Obligations

While the Series 2003 Bonds are outstanding, the Town may issue Additional Bonds and Refunding Bonds that are secured by a first lien on and pledge of the Pledged Revenue on a parity with the Series 2003 Bonds.

Additional Bonds. Additional Bonds may be issued for the purpose of paying all or part of the Cost of a Project. Prior to issuing Additional Bonds, the Town must obtain, and file with the Town, the following:

- (a) A copy, certified by the Town Clerk, of any Series Resolution relating to such Additional Bonds;
- (b) A copy, certified by the Town Clerk, of a certificate signed by the Finance Director, stating the amount of Pledged Revenue for the immediately preceding Fiscal Year or for any twelve consecutive months in the eighteen months immediately preceding the date of issuance of the Additional Bonds with respect to which the certificate is made ("Test Period");
- (c) A written opinion of the Consulting Engineers or Rate Consultant stating:
 - (i) that the Pledged Revenue for the Test Period is equal to not less than 110% of the maximum Principal and Interest Requirements in the current or any future Bond Year for all Bonds then Outstanding and the Additional Bonds proposed to be issued; or
 - (ii) that the Pledged Revenue for the Test Period, adjusted as hereafter provided in this subparagraph (ii), is equal to not less than 110% of the maximum Principal and Interest Requirements in the current or any future Bond Year for all Bonds then Outstanding and the Additional Bonds proposed to be issued. For purposes of this subparagraph (ii), Pledged Revenue may be adjusted to reflect the additional Pledged Revenue which, in the opinion of the Consulting Engineers or Rate Consultant, would have been received by the Town from increases in rates, fees, rentals and other charges, including Contribution Charges, for the use of the services furnished by the System if such increases had been implemented and in effect during such Test Period, provided that such increases must be adopted and effective as of the date the certification is made; or
 - (iii) that the Pledged Revenue for the Test Period, adjusted as hereafter provided in this subparagraph (iii), is equal to not less than 110% of the maximum Principal and Interest Requirements in the current or any future Bond Year for all Bonds then Outstanding and the Additional Bonds proposed to be issued. For purposes of this subparagraph (iii), Pledged Revenue may be adjusted as provided in subparagraph (ii) above and further adjusted to reflect the following: (A) in the event the Town shall have acquired any privately or publicly owned existing water, sewer or water and sewer system which becomes part of the System, the additional Pledged Revenue which, in the opinion of the Consulting Engineers or Rate Consultant, would have been received by the Town from rates, fees, rentals and other charges, including Contribution Charges, for use of the services furnished by the System if such existing system has been operated as part

of the System during such Test Period; (B) in the event the Town shall be constructing or acquiring Improvements to the System from such Additional Bonds and shall have established rates, fees and charges to be charged and collected from users of the System when service is rendered, seventy percent (70%) of the additional Pledged Revenue which, in the opinion of the Consulting Engineers or Rate Consultant, is estimated to be derived during the first twelve (12) months of operation after completion of said Improvements from proposed users of the System; and (C) the additional Pledged Revenue which, in the opinion of the Consulting Engineers or Rate Consultant, would have been received by the Town pursuant to written agreements providing for guaranteed revenue or otherwise providing for a minimum amount to be paid to the Town regardless of actual consumption or use, if such written agreements had been in effect during the Test Period, provided that such agreements must be adopted and effective as of the date the certification is made;

(d) A written opinion of the Town Attorney and/or bond counsel to the effect that the issuance of such Additional Bonds has been duly authorized, that all conditions precedent to the delivery of such Additional Bonds have been fulfilled, and that the Resolution and any Series Resolution relating to such Additional Bonds creates a valid and enforceable pledge of the Pledged Revenue and a lien for the benefit of the Bonds and Bondholders thereof on the monies on deposit in the Funds and Accounts and on the Pledged Revenue, prior to any other lien thereon, but on a parity with the Series 2003 Bonds and any Outstanding Additional Bonds and Refunding Bonds;

(e) A certificate of an Authorized Officer stating that provision has been made in an applicable Series Resolution to fund the Reserve Account Requirement as the same will exist following issuance of such Additional Bonds; and

(f) A certificate of the Finance Director to the effect that no event of default as defined in the Bond Resolution has occurred and is continuing as of the date of said certificate, which shall be dated within fifteen days prior to the date of issuance of the Additional Bonds.

Refunding Bonds. Refunding Bonds may be issued (x) with the written consent of all Credit Providers without meeting the conditions in (c) below, or (y) otherwise subject to all conditions set forth below, for the purpose of providing funds, together with other legally available funds, for refunding all or any portion of the Bonds of any one or more Series issued under the provisions of the Bond Resolution, and/or refunding any Subordinated Obligation and/or refunding any other outstanding bonds or indebtedness of the Town which were not issued under the provisions of the Bond Resolution (hereinafter "Unrelated Debt"), including in each case the payment of all amounts necessary to defease the refunded obligations in accordance with the provisions thereof. Prior to issuing Refunding Bonds, the Town must obtain and file with the Town, the following:

(a) A copy, certified by the Town Clerk, of any Series Resolution relating to the Refunding Bonds;

(b) A written opinion of the Town Attorney and/or bond counsel to the effect that the issuance of such Refunding Bonds has been duly authorized, that all conditions precedent to the delivery of such Refunding Bonds, including defeasance of the Bonds to be refunded, have been irrevocably provided for, fulfilled or otherwise satisfied, and that the Bond Resolution and any Series Resolution relating to such Refunding Bonds creates a valid and enforceable pledge of the

Pledged Revenue and a lien for the benefit of the Refunding Bonds and Bondholders thereof on the monies on deposit in the Funds and Accounts and on the Pledged Revenue, prior to any other lien thereon, but on a parity with the Series 2003 Bonds and any outstanding Additional Bonds and Refunding Bonds;

(c) a copy, certified by the Town Clerk, of a certificate signed by an Authorized Officer, confirming any one of the following:

(i) that the maximum Principal and Interest Requirements for all Outstanding Bonds after issuance of the Refunding Bonds (excluding any Bonds being defeased by proceeds of the Refunding Bonds) is not greater than the maximum Principal and Interest Requirements for all Outstanding Bonds prior to issuance of the Refunding Bonds; or

(ii) that the Average Annual Debt Service Requirement for all Outstanding Bonds after issuance of the Refunding Bonds (excluding any Bonds being defeased by proceeds of the Refunding Bonds) is not greater than the Average Annual Debt Service Requirement for all Outstanding Bonds prior to issuance of the Refunding Bonds; or

(iii) that the sum of the present values of the Principal and Interest Requirements for each year for all Outstanding Bonds after issuance of the Refunding Bonds (excluding any Bonds being defeased by proceeds of the Refunding Bonds) is not greater than the sum of the present values of the Principal and Interest Requirements for each year for all Outstanding Bonds prior to issuance of the Refunding Bonds, using as a discount factor for computation the same yield as the yield on the Bonds being defeased.

(d) a certificate of an Authorized Officer stating that provision has been made in an applicable Series Resolution to fund the Reserve Account Requirement as the same will exist following issuance of such Refunding Bonds; and

(e) a certificate of an Authorized Officer to the effect that no Event of Default as defined in the Bond Resolution has occurred and is continuing as of the date of said certificate, which shall be dated within fifteen days prior to the date of issuance of the Refunding Bonds.

Issuance of Other Obligations

Pursuant to the Bond Resolution, except as provided therein, the Town is prohibited from issuing any obligations payable from the Pledged Revenue other than Additional Bonds and Refunding Bonds issued in compliance with the Bond Resolution. All obligations issued by the Town payable from Pledged Revenue, other than Additional Bonds and Refunding Bonds issued in compliance with the Bond Resolution, shall be junior and subordinate in all respects as to the lien on Pledged Revenue in favor of all Bonds theretofore or thereafter issued under the Bond Resolution.

MUNICIPAL BOND INSURANCE

The following information has been furnished by Ambac Assurance Corporation (“Ambac Assurance”) for use in this Official Statement. Reference is made to **Appendix E** hereto for the specimen of the Financial Guaranty Insurance Policy.

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the “Financial Guaranty Insurance Policy”) relating to the Series 2003 Bonds effective as of the date of issuance of the Series 2003 Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the “Insurance Trustee”) that portion of the principal of and interest on the Series 2003 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Town (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Series 2003 Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2003 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2003 Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Series 2003 Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2003 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Paying Agent has notice that any payment of principal of or interest on a Series 2003 Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Town has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Series 2003 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2003 Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder’s right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2003 Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2003 Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

The insurance provided by the Financial Guaranty Insurance Policy is not covered by the Florida Insurance Guaranty Association.

Surety Bond for the Reserve Fund

The Bond Resolution requires the establishment of a Reserve Account in an amount equal to \$ _____. The Bond Resolution authorizes the Town to obtain a Reserve Account Credit Facility in place of fully funding the Reserve Account. Accordingly, application has been made to Ambac Assurance for the issuance of a Surety Bond for the purpose of funding the Reserve Account (see **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 BONDS – Reserve Account”** herein). The Series 2003 Bonds will only be delivered upon the issuance of such Surety Bond. The premium on the Surety Bond is to be fully paid at or prior to the issuance and delivery of the Series 2003 Bonds. The Surety Bond provides that upon the later of (i) one (1) day after receipt by Ambac Assurance of a demand for payment executed by the Paying Agent certifying that provision for the payment of principal of or interest on the Series 2003 Bonds when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to Ambac Assurance, Ambac Assurance will promptly deposit funds with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the Series 2003 Bonds, but in no event exceeding the Surety Bond Coverage, as defined in the Surety Bond.

Pursuant to the terms of the Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by Ambac Assurance under the terms of the Surety Bond and the Town is required to reimburse Ambac Assurance for any draws under the Surety Bond with interest at a market rate. Upon such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage. The reimbursement obligation of the Town is subordinate to the Town’s obligations with respect to the Series 2003 Bonds.

In the event the amount on deposit, or credited to the Reserve Account, exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Reserve Account have been expended. In the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the “Additional Funding Instrument”), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Bond Resolution provides that the Reserve Account shall be replenished in the following priority: (i) principal and interest on the Surety Bond shall be paid from first available revenues; and (ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Account to the required level, after taking into account the amounts available under the Surety Bond, shall be deposited from next available revenues.

The Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Paying Agent.

The insurance provided by the Surety Bond is not covered by the Florida Insurance Guaranty Association.

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District

of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$_____ (unaudited) and statutory capital of approximately \$_____ (unaudited) as of March 31, 2003. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Obligations.

Ambac Assurance makes no representation regarding the Obligations or the advisability of investing in the Obligations and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading **"MUNICIPAL BOND INSURANCE POLICY."**

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and 212-668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

- 1) The Company's Current Report on Form 8-K dated _____, 2003 and filed on _____ 2003;
- 2) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and filed on _____, 2003;

- 3) The Company's Current Report on Form 8-K dated _____, 2003 and filed on _____, 2003;
- 4) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended _____, 2003 and filed on _____, 2003; and
- 5) The Company's Current Report on Form 8-K dated _____, 2003 and filed on _____, 2003.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in **"Available Information."**

ESTIMATED DEBT SERVICE SCHEDULE

<u>Bond Year Ending</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>

THE WATER AND SEWER SYSTEM

General

The Town began its water and sewer system by purchasing two privately owned water and sewer systems in the early 1980's. The System is presently the only water and sewer system owned and operated by the Town. The Town may acquire or construct water and sewer utilities in addition to the System to service customers outside the System's current service areas.

Service Area

The Town has a land area of approximately 34.5 square miles, but provides water and sewer service to approximately half that area. The western area of the Town, comprising approximately half the Town residents, obtains water service from the City of Sunrise. A private utility, Ferncrest Utilities, Inc. ("Ferncrest"), as well as Broward County, the City of Hollywood and the City of Fort Lauderdale, have small service areas in the Town. The Town provides water and sewer service to Ferncrest and to the Seminole Tribe of Florida pursuant to bulk water and sewer user agreements. Together, these bulk user agreements account for approximately 7% of the System's gross revenues.

Water System

Raw water for the Town is obtained from the Biscayne Aquifer through two wellfields. The wellfields consist, in the aggregate, of seven raw water wells, with a combined rated capacity of 10.2 million gallons per day (MGD). The Town is currently authorized by permit to withdraw 1.443 billion gallons of water per year from the Biscayne Aquifer. Annually, this equates to an average day allocation of 3.953 MGD with a maximum daily withdrawal of 5.73 MGD.

The Town owns and operates two water treatment facilities. The water treatment plants and wellfields are connected by a looped system of transmission mains. One facility, located in the northern section of the Town, was placed into operation in 1959 and has a capacity of 3.4 MGD. The second facility, located in the southern section of the Town, was placed into operation in 1989 and has a capacity of 4.0 MGD. Both plants use a lime softening water treatment process.

The following table depicts historical and projected flows relating to the Town's water system:

**TOWN OF DAVIE, FLORIDA
HISTORICAL AND PROJECTED WATER USE***

(Million Gallons per Day)		
<u>Year</u>	<u>Average Day Demand</u>	<u>Maximum Day Demand</u>
Historical		
1997	3.22	4.04
1998	3.48	4.25
1999	3.61	4.64
2000	3.89	4.77
2001	3.43	4.36
2002	3.82	4.68
Projections		
2005	4.2	5.5
2010	4.75	6.2
2015	5.3	6.9
2020	5.75	7.5

*Source: Town of Davie, Florida

The Town anticipates that it will undertake certain improvements and modifications to its water treatment plants to meet increased water treatment needs of the Town, attributable, in part, to increased population through build-out of the Town and the regulatory impact of the 1986 amendments to the Safe Drinking Water Act. The Town currently meets governmental regulations with respect to water quality. The Town will be undertaking, in the near future, a program to improve the safety and aesthetics of the water through use of ion exchange color removal technology. The Town anticipates that it may issue Additional Bonds in accordance with the terms of the Bond Resolution to pay all or a portion of the cost of needed improvements to the water system. The cost of such improvements to be made over the next five years is estimated to be \$10,158,500.

The Town has agreements with the Cities of Hollywood, Fort Lauderdale and Cooper City to provide emergency water service to the Town under certain conditions.

Wastewater System

The Town owns and operates one wastewater treatment facility, located in the southern portion of the Town, adjacent to the Town's south water treatment plant. The wastewater facility currently has a capacity of 5.0 MGD. The primary function of the facility is to treat raw sewage, using an activated sludge process. Pursuant to the terms of a written agreement with the City of Hollywood, Florida, the

Town treats the sewage at its facilities and pumps the treated effluent to the regional wastewater treatment plant, where it is pumped to the City of Hollywood reuse system for further treatment or discharged to the Atlantic Ocean. The Town's wastewater collection and transmission system is comprised of sanitary gravity sewers, pump stations, and force mains. In the future, additional improvements to the wastewater system will be necessary to meet the anticipated demand of customers within its service area and the Town may issue Additional Bonds to finance all or a portion of the cost thereof. The cost of such improvements to be made over the next five years is estimated to be \$3,429,000.

The following table depicts historical and projected flows relating to the Town's wastewater system.

**TOWN OF DAVIE, FLORIDA
HISTORICAL AND PROJECTED SEWAGE FLOWS***

(Million Gallons per Day)

<u>Year</u>	<u>Average Day Demand</u>	<u>Maximum Day Demand</u>
Historical		
1997	2.26	-----
1998	2.38	4.46
1999	2.68	6.37
2000	2.79	5.97
2001	2.84	5.11
2002	2.95	4.16
Projections		
2005	3.16	5.62
2010	3.43	6.12
2015	3.56	6.35
2020	3.70	6.58

*Source: Town of Davie, Florida

Top Ten Users of System

<u>Name</u>	<u>Jan. 2003</u>	<u>Feb. 2003</u>	<u>Mar. 2003</u>	<u>3 Mo. Totals</u>	<u>% of System Revenue</u>
Reddy Ice	3,732	2,520	3,663	9,915	
Broward Community College	1,601	1,677	1,819	5,097	
Nova Southeastern University	1,697	1,198	1,464	4,359	
Andrx Pharmaceutical	991	943	1,203	3,137	
Orange Blossom MH	1,012	858	855	2,725	
Nova Southeastern University	889	777	942	2,608	
Nova Southeastern University	1,113	737	718	2,568	
SBBC McFatter	612	468	666	1,746	
University Creek	486	438	417	1,341	

Assoc					
Westview Apts	<u>373</u>	<u>305</u>	<u>299</u>	<u>977</u>	
TOTALS	12,506	9,921	12,046	34,473	

The Town has agreements with the Cities of Fort Lauderdale and Cooper City to provide emergency sewer service to the Town under certain conditions.

Government Regulations

Regulatory Framework. The System is subject to federal, state, regional and local regulation. Federal regulatory jurisdiction is vested in the United States Environmental Protection Agency (the “EPA”). The Water System must comply with the Federal Safe Drinking Water Act (“SDWA”); however, the EPA has delegated the primary responsibility for enforcement of drinking water standards to the State of Florida (the “State”). The Sewer System must comply with the Federal Water Pollution Control Act and the 1977 Clean Water Act Amendments. The EPA has retained jurisdiction over the enforcement of the federal laws and the National Pollution Discharge Elimination System (“NPDES”).

The State, acting through the Florida Department of Environmental Protection (“DEP”), has its own system of operational permits which governs the System. On a regional level, the South Florida Water Management District (“SFWMD”) controls groundwater withdrawals through consumptive use permits, which stipulate the maximum annual and daily withdrawals for two to five years. Locally, the Broward County Department of Natural Resources Protection (“DNRP”) has its own licensing system for sewer plants and a monitoring and enforcement process and the Broward County Health Department has jurisdiction over the treatment of potable water.

The Water System. The Water System currently meets all federal, state and local regulations relating to water quality. In addition, it has an NPDES permit for discharge of backwash water, a DEP operations permit, and various licenses from the DNRP for hazardous materials such as chlorine and fuel oil storage for emergency generators. The Town has applied to the SFWBD for a five-year renewal for its consumptive use permit, which expires on October 31, 2003.

The Wastewater System. The Wastewater System is in full compliance with all federal, state and local regulations.

The Utilities Department

The Town exercises exclusive jurisdiction, control and supervision over the System. The Town Council has the legal authority to fix, charge and collect from its customers, rates, fees and charges, and to acquire, construct, finance and operate the System, without supervision by any other unit of local or state government (provided, however, that environmental impacts are regulated as described above under “Government Regulations”).

The Town’s Utilities Department is responsible for the operation and maintenance of the System. The Utilities Director reports to the Town Administrator and is responsible for operational and administrative control of the System. The Utilities Department employs 37 persons, including 7 certified wastewater operators and 8 certified water operators.

The following table identifies those management officials of the Town who are responsible for the operation of the System.

<u>Name</u>	<u>Title</u>	<u>Experience</u>
William F. Underwood, II	Finance Director	Finance Director since March 2003; Director of Administrative Service, City of Stuart, 1993-2003; Director of Administrative Service and Finance, City of Belle Glade, 1979-1985; Former President of Florida Government Finance Association, 1997-1998, B.A., University of Missouri; M.B.A., Nova University.
Daniel Colabella	Utilities Director	Utilities Director since 1984; Assistant Utilities Director, Town of Davie, 1981-1984; A.S., mechanical engineering, Norwalk State Technical College.

Rates, Fees and Charges

All retail and bulk user charges and fees are established by the Town Council by resolution. The current rate structure has been in place since 1998. The adequacy of the revenues to be generated by the rate structure is reviewed annually by the Town and modified as required.

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The following table describes the current adopted rates for the System:

TOWN OF DAVIE, FLORIDA CURRENT ADOPTED WATER AND SEWER RATES						
<u>Customer Class</u>	<u>Description</u>	<u>Size</u>	<u>Water Base Rate</u>	<u>Rate Per Gallon</u>	<u>Sewer Base Rate</u>	<u>Rate Per Gallon</u>
Residential	Single-Family		\$ 8.80	\$1.37	\$ 10.99	\$1.71
	Multi-Unit		8.15	1.37	10.20	1.71
	Mobile Home		7.53	1.37	9.48	1.71
Commercial		¾" or less	8.80	1.37	10.99	1.71
		1"	41.76	1.37	52.20	1.71
		1 ½"	72.71	1.37	90.89	1.71
		2"	165.30	1.37	206.63	1.71
		3" and over by agreement only				
Institutional		¾"	9.55	1.37	11.94	1.71
		1"	45.41	1.37	56.74	1.71
		1 ½"	79.03	1.37	96.81	1.71
		2"	179.68	1.37	224.61	1.71
		3" and over by agreement only				
Irrigation	Up to 1 ERC Minimum (350 GPD)		8.83	1.37	N/A	N/A
	For Each Additional ERC (350 GPD) (As calculated by Utilities Dept.)		8.83	1.37	N/A	N/A

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Comparison of Rates with Other Systems.

The following table sets forth comparisons between the Town's retail water and sewer system monthly service costs and those of other local providers of retail water and sewer services.

TOWN OF DAVIE, FLORIDA Retail Water and Sewer Monthly Service Costs As of July 1, 2002	
City or County	7,000 Gallons Per Month
Pembroke Pines	\$33.02
Fort Lauderdale	37.35
Plantation	38.60
Hollywood	39.31
Davie	41.35
Sunrise (Residents only)	44.12
Broward County	46.15
Cooper City	47.40
Sunrise (Weston residents)	49.27
Sunrise (Davie residents)	55.15
Ferncrest Utilities	75.21

Billing and Collection.

The Town bills monthly for water and sewer services of the System. Charges for both services appear on the same bill. The bill is for service for the previous 30 days and is due within 15 days after the billing date. Service is subject to being discontinued immediately after delinquency. If service is discontinued, the entire billing plus a \$20 service charge must be paid before service is restored, provided that settlement in full is made on or before 15 days from the date of discontinuance of service. If a delinquent consumer moves to a new location, the Town may refuse service to such consumer or terminate any other service to such consumer until the original delinquent account is paid in full regardless of whether the other accounts of such consumer are in good standing. Delinquent balances and all interest accruing thereon shall constitute a lien on any parcel or property affected thereby, superior to the interest on such parcel or property of any owner, lessee, tenant, mortgagee or other person except the lien of County taxes.

Financial Information

The audited annual financial statements for the Water and Sewer System for the Fiscal Year ended September 30, 2002 are included herein as **Appendix B**.

Historical and Projected Net Revenue and Debt Service Coverage

The information in the following table sets forth the historical and projected revenues, expenditures and debt service coverage of the System. The historical data have been developed from the audited financial statements of the Town for the fiscal years ended September 30, 1998 through 2002. The revenues, expenditures and debt service coverage for the fiscal years ended September 30, 2003 through September 30, 2006 have been projected by the Town.

Fiscal Year	1998 Audited	1999 Audited	2000 Audited	2001 Audited	2002 Audited	2003 Projected	2004 Projected	2005 Projected	2006 Projected
Revenues									
Water & Sewer Revenues	\$6,632,449	\$5,977,524	\$5,824,378	\$6,819,476	\$6,570,725	\$6,767,847	\$ 6,970,882	\$7,180,009	\$7,395,409
Other (Rate Stabilization Fund)							250,000	250,000	250,000
Other ⁽¹⁾	<u>1,237,052</u>	<u>1,017,429</u>	<u>1,193,003</u>	<u>1,192,010</u>	<u>502,647</u>	<u>586,650</u>	<u>495,384</u>	<u>412,430</u>	<u>415,565</u>
Total Operating Revenues	7,869,501	6,994,953	7,017,381	8,011,486	7,073,372	7,354,497	7,716,267	7,842,439	8,060,974
Expenses									
Personnel	1,748,521	1,810,001	1,913,613	1,990,243	2,019,984	2,100,783	2,184,815	2,272,207	2,363,096
Prof. Services	163,548	192,060	119,710	267,579	170,277	177,088	184,172	191,538	199,200
Purchased Services	831,061	786,836	1,033,729	1,146,526	1,140,976	1,186,615	1,234,080	1,283,443	1,334,781
New Expenses (New Facilities)	-	-	-	-	-	10,000	324,800	312,800	312,800
Supplies	218,048	207,969	235,991	246,515	326,535	339,596	353,180	367,307	382,000
Maintenance	<u>229,268</u>	<u>318,818</u>	<u>293,601</u>	<u>419,135</u>	<u>547,466</u>	<u>569,365</u>	<u>592,139</u>	<u>615,825</u>	<u>640,458</u>
Total Operating Expenses	3,190,446	3,315,684	3,596,644	4,069,998	4,205,238	4,383,448	4,873,185	5,043,121	5,232,334
Net Income	<u>\$4,679,055</u>	<u>\$3,679,269</u>	<u>\$3,420,737</u>	<u>\$3,941,488</u>	<u>\$2,868,134</u>	<u>\$2,971,049</u>	<u>\$2,843,081</u>	<u>\$2,799,318</u>	<u>\$2,828,641</u>
Prior Debt Service	\$3,128,889	\$3,127,626	\$3,124,326	\$3,127,351	\$3,124,359				
Coverage ⁽²⁾	1.50x	1.18x	1.09x	1.26x	.092x				
MADS after Refunding/ Restructuring Coverage					\$2,200,218 1.30x	\$2,220,218 1.35x	\$2,220,218 1.29x	\$2,220,218 1.27x	\$2,220,218 1.29x
Capital Contributions Coverage		\$1,313,770 1.60x	\$794,184 1.35x	\$193,144 1.32x	\$939,056 1.73x	\$500,000 1.58x	\$500,000 1.52x	\$500,000 1.50x	\$500,000 1.51x

⁽¹⁾ Includes other water income, interest, and other income. Does not include Capital Contributions (impact fees).

⁽²⁾ Pledged Revenues for Prior Debt included approximately \$5 million in Public Service Tax Revenues. Number shown does not include Public Service Tax Revenues. Pledged Revenues for the Series 2003 Bonds does not include Public Service Tax Revenues.

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TAX TREATMENT

The Internal Revenue Code of 1986, as amended (the "Code") includes requirements which the Town must continue to meet after the issuance of the Series 2003 Bonds in order that interest on the Series 2003 Bonds not be included in gross income for federal income tax purposes. The Town's failure to meet these requirements may cause interest on the Series 2003 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Town has covenanted in the Bond Resolution to take all actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2003 Bonds. The opinion of Bond Counsel will be based upon and assume the accuracy of certain representations and certifications and compliance with certain covenants of the Town to be contained in the transcript of proceedings which are intended to evidence and assure that interest on the Series 2003 Bonds is and will continue to be excluded from gross income for federal income tax purposes.

In the opinion of Bond Counsel, assuming continuing compliance by the Town with the tax covenants referred to above, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2003 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations under the Code. Bond Counsel is further of the opinion that the Series 2003 Bonds and the interest thereon are exempt from all present intangible personal property taxes imposed pursuant to Chapter 199, Florida Statutes.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2003 Bonds. Prospective purchasers of Series 2003 Bonds should be aware that the ownership of Series 2003 Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2003 Bonds or, in the case of a financial institution, that portion of the owner's interest expenses allocable to interest on a Series 2003 Bond, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including interest on the Series 2003 Bonds, (iii) the inclusion of interest on Series 2003 Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of interest on Series 2003 Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) interest on the Series 2003 Bonds is taken into account in determining whether recipients of Social Security and Railroad Retirement benefits must include a portion of those benefits in gross income.

ORIGINAL ISSUE DISCOUNT

The initial offering price of the Series 2003 Bonds maturing October 1 in the years ____ through and including ____ and the Series 2003 Bonds maturing October 1, ____ and October 1, ____ (the "Discount Bonds") is less than the stated principal amounts thereof. The difference between the principal amount of the Discount Bonds and the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of such Discount Bonds of the same maturity was sold, is "original issue discount." Original issue discount represents interest which is excluded from gross income for federal income tax purposes; however, such interest is taken into account for purposes of determining the alternative minimum tax imposed on corporations and may result in the collateral federal tax consequences described above under "TAX EXEMPTION" in the year of accrual. Consequently,

prospective purchasers of Discount Bonds should be aware that the accrual of original issue discount in each year may result in alternative minimum tax liability or other collateral tax consequences although the owner of such Discount Bonds may not have received cash in such year. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded on interest payment dates. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds such Discount Bond and will increase its adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Prospective purchasers of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

ORIGINAL ISSUE PREMIUM

The Series 2003 Bonds maturing October 1 in the years __ through and including __ and the Series 2003 Bonds maturing October 1, __ and October 1, __ (the "Premium Bonds") were offered and sold to the public at an issue price in excess of their stated redemption price (the par amount) at maturity. This excess constitutes amortizable bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of such Premium Bond, compounded semiannually. No portion of such bond premium is deductible by the owner of a Premium Bond. The tax basis of an owner of a Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership for purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond. Owners of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of amortizable bond premium properly accruable each year with respect to the Premium Bonds and as to other federal tax consequences and the treatment of amortizable bond premium for state and local tax purpose.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2003 Bonds are subject to the final approving opinion of Adorno & Yoss, Miami, Florida, whose approving opinion will be available at the time of delivery of the Series 2003 Bonds. The proposed form of such opinion is attached hereto as **Appendix F**. Certain legal matters will be passed upon for the Underwriters by its counsel, Ruden, McClosky, Smith, Schuster & Russell, P.A., Fort Lauderdale, Florida, and for the Town by Monroe Kiar, Esquire, Town Attorney, and Adorno & Yoss, P.A., Miami, Florida, as Disclosure Counsel.

LITIGATION

Concurrently with the delivery of the Series 2003 Bonds, the Town will deliver a certificate stating that there is no litigation pending that seeks to restrain or enjoin the issuance or delivery of the Series 2003 Bonds or the proceedings or authority under which they are to be issued, among other matters. The Town experiences routine litigation and claims incidental to the conduct of municipal affairs. In the opinion of

the Town, the possible exposure resulting from any ultimate resolution of any such litigation would not have a material adverse economic impact on the Town.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's, a division of The McGraw Hill Companies, have assigned the Series 2003 Bonds the ratings of "____" and "____," respectively, on the understanding that upon delivery of the Series 2003 Bonds, a policy of Ambac Assurance insuring the payment when due of the principal of and interest on the Series 2003 Bonds will be issued by the Insurer. Such ratings reflect only the view of the rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or either of them, if in their judgment circumstances so warrant. A downward change in or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Series 2003 Bonds. An explanation of the significance of the ratings can be received from the rating agencies.

UNDERWRITING

The Underwriters set forth on the cover page hereof (the "Underwriters"), have agreed, subject to certain conditions, to purchase the Series 2003 Bonds from the Town at an aggregate discount of \$_____ (which includes net original issue discount of \$_____) from the initial offering prices set forth on the cover page of this Official Statement. The Underwriters will be obligated to purchase all the Series 2003 Bonds if any are purchased. The Series 2003 Bonds may be offered and sold by the Underwriters to certain dealers at prices lower than such public offering prices, and the public offering prices may be changed from time to time.

FINANCIAL STATEMENTS

The audited financial statements of the Water and Sewer System for the Fiscal Year ended September 30, 2002 included herein as **Appendix B** have been audited by Rachlin, Cohen & Holtz LLP, Certified Public Accountants, Coral Gables, Florida, as independent auditors, and are an integral part of this Official Statement.

FINANCIAL ADVISOR

Public Financial Management, Inc., Orlando, Florida, is serving as financial advisor to the Town with respect to the sale of the Series 2003 Bonds. The financial advisor has assisted the Town in the preparation of this Official Statement and has advised the Town in other matters relating to the planning, structuring and issuance of the Series 2003 Bonds and has provided other advisory services to the Town.

BLUE SKY DISCLOSURE

Section 517.051, Florida Statutes, and the regulations promulgated thereunder, require that the Town make full and fair disclosure of any bonds or other debt obligations of the Town that have been in default as to payment of principal or interest at any time after December 31, 1975. The Town, since December 31, 1975, is not and has not been in default as to payment of principal and interest on its bonds or other debt obligations.

CONTINUING DISCLOSURE

In order to enable the Underwriters to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the “Rule”), the Town will agree (such covenants being herein referred to as the “Undertaking”) to provide continuing disclosure for the benefit of the registered Owners from time to time of the Series 2003 Bonds. The Undertaking will provide that the Town will provide to each nationally recognized municipal securities information repository (“NRMSIR”) and to the appropriate state information depository (“SID”), if any, within two hundred and seventy (270) days of the end of each fiscal year of the Town, annual financial information for the Town. The annual financial information will be provided for each fiscal year of the Town, commencing with the first fiscal year ending after the date of issuance of the Series 2003 Bonds, and will include audited financial statements for the preceding fiscal year. Audited financial statements of the Town, if not available at the time the annual financial information is provided, will be provided to each NRMSIR and the SID, if any, when available. The financial statements of the Town are to be prepared in conformity with generally accepted accounting principles (“GAAP”). The Undertaking will also provide that the Town will file in a timely manner, with the Municipal Securities Rulemaking Board (the “MSRB”), notice of (a) a failure to provide required annual financial information on or before the date specified in the Undertaking or (b) the occurrence of any of the following events with respect to the Series 2003 Bonds, if material:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults;
- iii. unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. unscheduled draws on credit enhancements reflecting financial difficulties;
- v. substitution of credit or liquidity providers, or their failure to perform;
- vi. adverse tax opinions or events affecting the tax-exempt status of the security;
- vii. modifications to rights of security holders;
- viii. bond calls;
- ix. defeasances;
- x. release, substitution or sale of property securing repayment of securities; and
- xi. rating changes.

The Town will also file with each NRMSIR and SID, if any, an update to the operating data pertaining to the System of the type found in the Official Statement under the heading “THE WATER AND SEWER SYSTEM.” An update of the financial information and operating data of the Town may be satisfied by providing a copy of the Town’s comprehensive annual financial report to the extent the information presented therein complies with the requirements set forth above. The Town’s continuing disclosure obligation relates to the Series 2003 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetic accuracy of the mathematical computations showing the adequacy of the maturing principal and interest on the securities to be acquired with a portion of the proceeds of the Series 2003 Bonds, together with other funds available for that purpose, to pay the principal, interest and premium on the Prior Bonds, as described under "THE REFUNDING PLAN", will be verified by _____, independent certified public accountants.

MISCELLANEOUS

All information included herein has been provided by the Town, except where attributed to other sources. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. The information herein has been compiled from official and other sources and, while not guaranteed by the Town, is believed to be correct. So far as any statements made in this Official Statement and the appendices attached hereto involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

CERTIFICATE CONCERNING THE OFFICIAL STATEMENT

At the time of delivery of the Series 2003 Bonds, the Mayor and the Town Administrator of the Town will furnish a certificate of the Town to the effect that, to the best of their knowledge, this Official Statement, as of its date and as of the date of delivery of the Series 2003 Bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

This Official Statement has been duly executed and delivered by the Mayor and the Town Administrator of the Town of Davie, Florida.

TOWN OF DAVIE, FLORIDA

By: _____
Tom Truex, Mayor

By: _____
Thomas J. Willi, Town Administrator

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWN OF DAVIE, FLORIDA

The Town -- General

The Town of Davie, Florida (the "Town") is located in the southern portion of Broward County, in southeastern Florida. The Town was incorporated in 1961 and operates under its own charter, which was adopted in 1961. The Town has a Town Administrator-Council form of government. The Mayor is elected at large for a three-year term and serves as chairperson of the Town Council, and each of the other four council members is elected at large for a three-year term. The Town Administrator is appointed by and serves at the pleasure of the Town Council.

Primarily a residential community, the Town contains approximately 34.5 square miles. Commercial development within the Town consists of shopping facilities, fine restaurants, tourist lodgings and light industry. The Town is noted for its unique frontier atmosphere. Rodeo events and country music festivals are held several times during the year.

The population of the Town has grown from less than 2,000 residents in 1960, to 20,515 in 1980 to its current estimated population of 78,000 in 2000. The rate of growth in population in the past decade has been over 60%.

The Town provides a full range of municipal services, including fire and police protection, water and sewer services, solid waste disposal, and park and recreation facilities. Within the Town are 11 elementary schools and four secondary schools. Also situated in the Town is the unique South Florida Educational Center, which includes Nova University, a four-year university, the 152 acre campus of Broward Community College, and branches of Florida Atlantic University and Florida International University, which offer four-year and advanced degrees. Also located in the educational complex are the Broward County Schools Nova Research and Development Program (which includes a nursery, elementary, middle and high school), the William T. McFatter Vocational-Technical Center, the Miami Dolphins training facility, the Broward Fire Academy, the Criminal Justice Institute, the Instructional Television Center, a research and educational center for the University of Florida, an office of the Division of Forestry of the State of Florida and the Broward County Cooperative Extension Service. The diversity in the complex provides a unique system of educational offerings and specialized training for residents of the Town and others from all over the State of Florida. It is estimated that 40,000 students and faculty a day visit the facilities.

TOWN OF DAVIE, FLORIDA

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT⁽¹⁾
GENERAL OBLIGATION BONDS**

SEPTEMBER 30, 2002

<u>JURISDICTION</u>	<u>NET GENERAL OBLIGATION BONDED DEPT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO GOVERNMENT</u>	<u>AMOUNT APPLICABLE TO GOVERNMENT</u>
Direct: Town of Davie	\$ _____	\$ _____	\$ _____
Overlapping: Broward County	\$ _____	\$ _____	\$ _____
Broward School Board	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____

⁽¹⁾ General obligation bonds must be approved by referendum. The Town of Davie has no debt limitation.

TOWN OF DAVIE, FLORIDA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS⁽¹⁾

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>TOWN OF DAVIE</u>	<u>BROWARD COUNTY</u>	<u>BROWARD SCHOOL BOARD</u>	<u>SOUTH FLORIDA WATER MANAGEMENT</u>	<u>CHILDREN'S SERVICES</u>	<u>SOUTH BROWARD HOSPITAL</u>	<u>FLORIDA NAVIGATION DISTRICT</u>	<u>TOTAL</u>
1993	5.6001	8.1327	9.8197	0.5970	--	2.1823	⁽²⁾	26.3318
1994	5.3086	8.0343	10.0259	0.5970	--	2.1132	0.0490	26.1280
1995	5.3586	8.1165	10.0366	0.6470	--	2.1132	0.0400	26.3119
1996	5.5378	7.7524	9.9400	0.6720	--	2.1132	0.0380	26.0534
1997	5.8378	7.8380	9.9745	0.6970	--	2.1132	0.0500	26.5105
1998	5.7589	7.5710	9.7256	0.6970	--	2.1132	0.0470	25.9127
1999	6.0089	7.5710	9.1283	0.6970	--	2.0831	0.0440	25.5323
2000	6.0089	7.5250	8.9553	0.6970	--	1.9939	0.0410	25.2211
2001	5.7911	7.4005	8.7541	0.6970	0.3055	1.8694	0.0385	24.8561
2002								

⁽¹⁾ Basis for property tax rates is per \$1,000 assessed value.

⁽²⁾ Information unavailable.

Source:

TOWN OF DAVIE, FLORIDA

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

FISCAL YEAR	REAL PROPERTY VALUE ⁽¹⁾	EXEMPTIONS ⁽¹⁾	NET REAL PROPERTY VALUE	COMMERCIAL CONSTRUCTION ⁽²⁾		RESIDENTIAL CONSTRUCTION ⁽²⁾		BANK DEPOSITS ⁽³⁾
				NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	
1993	\$2,404,006,764	\$569,920,497	\$1,834,086,267	10	\$8,771,620	763	\$71,184,088	-- ⁽⁴⁾
1994	2,544,636,885	591,260,263	1,953,376,622	15	7,955,360	1,060	103,802,246	\$11,869,559,000 ⁽⁵⁾
1995	2,733,584,106	612,739,522	2,120,844,584	34	21,249,954	893	71,955,135	13,613,773,000 ⁽⁵⁾
1996	2,887,710,745	649,968,442	2,237,742,303	23	7,300,798	973	88,311,259	13,541,832,000 ⁽⁵⁾
1997	3,124,591,768	702,221,635	2,422,370,133	25	18,181,514	381	50,058,315	13,689,973,000 ⁽⁵⁾
1998	3,350,125,624	662,983,850	2,687,141,774	38	9,837,460	588	111,675,647	13,747,758,000 ⁽⁵⁾
1999	3,590,431,720	686,332,720	2,904,099,000	46	51,799,840	765	108,133,302	14,747,331,000 ⁽⁵⁾
2000	4,014,355,128	751,813,790	3,262,541,338	82	36,990,007	751	88,180,290	14,861,878,000 ⁽⁵⁾
2001	4,491,716,423	788,620,150	3,703,096,273	32	58,122,726	427	43,740,491	16,114,187,000 ⁽⁵⁾
2002								

⁽¹⁾ Source: Broward County Property Appraiser.

⁽²⁾ Source: Town of Davie Building Department.

⁽³⁾ Source: Florida Bankers Association.

⁽⁴⁾ Information unavailable.

⁽⁵⁾ Information for entire County. Information for Town alone no longer available.

TOWN OF DAVIE, FLORIDA

PROPERTY TAX LEVIES ND COLLECTIONS

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTION</u>	<u>CURRENT TAX COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>RATIO OF TOTAL DELINQUENT TAXES TO TOTAL TAX LEVY</u>
1993	\$9,060,609	\$8,932,307	98.6%	\$34,663	\$8,966,970	99.0%	\$408,982	4.5%
1994	9,839,901	9,662,020	98.2	104,072	9,766,092	99.2	507,741	5.2
1995	10,127,463	10,063,092	99.4	53,383	10,116,475	99.9	482,401	4.8
1996	10,692,663	10,633,023	99.4	52,273	10,685,296	99.9	595,761	5.6
1997	12,320,333	12,149,371	98.6	30,522	12,179,893	98.9	746,351	6.1
1998	13,986,795	13,898,455	99.4	26,194	13,924,649	99.6	787,578	5.6
1999	15,353,024	15,257,581	99.4	18,113	15,275,694	99.5	858,804	5.6
2000	17,639,407	17,523,255	99.3	22,546	17,545,801	99.5	929,706	5.3
2001	19,786,104	19,715,688	99.6	32,769	19,748,457	99.8	920,757	4.6
2002								

Source:

TOWN OF DAVIE, FLORIDA

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2002**

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>2002 ASSESSED VALUATION</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
Florida Power & Light Co.	Utility	\$	%
Equity One, Inc.	Mortgage Loan Company		
Palm Trace Landings Ltd.	Housing		
Andrx Corp & Subsidiaries	Pharmaceutical		
Megaplex Nine Inc.	Movie Theaters		
Archstone Communities`	Property Management		
Poinciana Lake Apts. Ltd. Prtnr.	Housing		
Hacienda Cove LLC.	Housing		
Konover & Associates South Inc.	Property Management		
Davie Assoc. Ltd.	Property Management		
TOTAL		\$	%

Source: Broward County Revenue Collection Division – List of Top Taxpayers.

TOWN OF DAVIE, FLORIDA

**ASSESSED AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value⁽²⁾</u>	<u>Exemptions Real Property⁽¹⁾</u>	<u>Taxable Value</u>	
	<u>Assessed Value⁽¹⁾</u>	<u>Estimated Actual Value</u>	<u>Assessed Value⁽¹⁾</u>	<u>Estimated Actual Value</u>					
1993	\$2,250,242,329	\$2,305,576,157	\$153,764,435	\$157,545,528	\$2,404,006,764	\$2,463,121,685	97.6%	\$569,920,497	\$1,834,086,267
1994	2,376,883,509	2,470,772,878	167,753,376	174,379,809	2,544,636,885	2,645,152,687	96.2%	591,260,263	1,953,376,622
1995	2,532,275,130	2,610,384,450	201,308,976	201,308,976	2,733,584,106	2,811,693,426	97.2%	612,739,522	2,120,844,584
1996	2,685,825,500	2,839,139,006	201,885,245	213,409,350	2,887,710,745	3,052,548,356	94.6%	649,968,442	2,237,742,303
1997	2,909,679,640	2,984,286,810	214,912,128	220,422,695	3,124,591,768	3,204,709,505	97.5%	702,221,635	2,422,370,133
1998	3,125,419,230	3,147,451,390	224,706,394	226,290,427	3,350,125,624	3,373,741,817	99.3%	662,983,850	2,687,141,774
1999	3,363,676,250	3,425,332,230	226,755,470	230,911,884	3,590,431,720	3,656,244,114	98.2%	686,332,720	2,904,099,000
2000	3,783,319,830	3,772,003,818	231,035,298	230,344,265	4,014,355,128	4,002,348,083	100.3%	751,813,790	3,262,541,338
2001	4,226,479,170	4,402,582,468	265,237,253	276,288,805	4,491,716,423	4,678,871,273	96.0%	788,620,150	3,703,096,273
2002									

⁽¹⁾ Source: Broward County Property Appraiser.

⁽²⁾ Source: State of Florida Ad Valorem Taxation.

TOWN OF DAVIE, FLORIDA

SCHEDULE OF INSURANCE IN FORCE - WATER AND SEWER DIVISION

SEPTEMBER 30, 2002

1. General Liability / Automobile Liability – Florida Municipal Insurance Trust
LIMIT: Each Person – \$100,000
Each occurrence - \$200,000
SPECIFIC EXCESS: \$1,000,000
DEDUCTIBLE: \$0
2. Real / Personal Property – Florida Municipal Insurance Trust
LIMIT: Varies per location/item
DEDUCTIBLE: \$1,000
3. Pollution Liability – Reliance National
LIMIT: Each loss - \$2,000,000
Total for all losses - \$4,000,000
DEDUCTIBLE: \$25,000
4. Boiler and Machinery – Hartford Steam Boiler
LIMIT: Direct damage - \$7,000,000 (per accident)
a. Demolition - \$500,00
b. CFC refrigerants - \$200,000
c. Expediting expenses - \$200,000
d. Hazardous substances - \$100,000
Business income including extra expense - \$100,000 (per accident)
DEDUCTIBLE: \$1,000 (except direct damage: \$25/HP on all air and refrigeration systems,
\$1.00/KVA for transformers/miscellaneous electrical equipment)
5. Storage Tank Third Party Liability/Corrective Action – Florida Petroleum Liability
LIMIT: Each incident - \$1,000,000
Aggregate - \$1,000,000
DEDUCTIBLE: \$10,000
6. Floor – American Bankers
LIMIT: Various per location
DEDUCTIBLE: \$1,000

TOWN OF DAVIE, FLORIDA

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION</u> ⁽¹⁾	<u>PER CAPITA INCOME BROWARD COUNTY</u> ⁽²⁾	<u>MEDIAN AGE</u> ⁽²⁾	<u>PUBLIC SCHOOL ENROLLMENT</u> ⁽³⁾	<u>UNEMPLOYMENT RATE</u> ⁽⁴⁾
1993	52,332	23,000	32.6	13,448	7.3
1994	53,400	16,747	32.6	14,041	5.7
1995	54,611	16,747	32.0	12,811	5.1
1996	59,393	19,737	35.2	13,147	5.3
1997	61,182	26,192	38.9	13,692	4.1
1998	61,799	21,491	38.0	16,065	4.1
1999	66,985	22,433	36.6	16,884	3.7
2000	67,529	22,882	37.0	17,521	4.2
2001	75,720	22,755	37.0	18,193	4.4
2002					

⁽¹⁾ Source: Local Government Financial Information Handbook.

⁽²⁾ Source: U.S. Census Bureau.

⁽³⁾ Source: Broward County School Board 20th Day Membership Report.

⁽⁴⁾ Source: Florida Department of Labor and Employment Security.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

APPENDIX C
THE BOND RESOLUTION

APPENDIX D

SPECIMEN COPY OF MUNICIPAL BOND INSURANCE POLICY

APPENDIX E

FORM OF BOND COUNSEL OPINION

“EXHIBITS”
D & E

WILL
BE
PROVIDED
UNDER
SEPARATE
COVERAGE